



HOUSING AUTHORITIES CITY OF EUREKA & COUNTY OF HUMBOLDT



735 WEST EVERDING STREET, EUREKA CA 95503
PHONE: (707) 443-4583 FAX: (707) 443-4762 TTY: (800) 651-5111

AGENDA REGULAR MEETING OF THE HOUSING AUTHORITY OF THE CITY OF EUREKA BOARD OF COMMISSIONERS

DATE AND TIME
Monday, November 20, 2023
7:30pm

LOCATION

Housing Authority of the City of Eureka
735 W. Everding St., Eureka CA

All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows: 735 W. Everding St., Eureka CA 95503. This location is accessible to the public, and members of the public may address the Housing Authority of the City of Eureka Board of Commissioners from any teleconference location.

PUBLIC PARTICIPATION

Public access to this meeting is available at the location above.

Persons wishing to address the Board of Commissioners are asked to submit comments for the public speaking portion of the agenda as follows:

- Send an email with your comment(s) to heatherh@eurekahumboldtha.org prior to the Board of Commissioners meeting.
- Call and leave a message at (707) 443-4583 ext. 219.

When addressing the Board on agenda items or business introduced by Commissioners, members of the public may speak for a maximum of five minutes per agenda item when the subject is before the Board.

1. Roll Call

2. Public Comment (Non-Agenda):

This time is reserved for members of the public to address the Committee relative to matters of the County of Humboldt Housing Authority not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

3. Approve minutes of the Board of Commissioners meetings:

3a. Regular meeting, October 16, 2023

4. Bills and Communications: None



The Housing Authorities are Equal Housing Opportunity Organizations



5. Report of the Secretary:

The Report of the Secretary is intended to brief the Commission on items, issues, key dates, etc., that do not require specific action, and are not separate items on the Board of Commissioners Agenda.

5a. Occupancy and Leasing Report

5b. HCV Utilization Reports

5c. Repositioning Updates

6. Reports of the Commissioners:

This time is reserved for Commissioners to share any relevant news or Housing related endeavors undertaken by Commissioners.

7. Unfinished Business: None.

8. New Business:

8a. City of Eureka, Planning Department Update by Cristin Kenyon, Development Services Director; *Informational*

8b. Resolution 1990, HACE 2022 Financial Audit Report

Recommended Board Action: Accept and Adopt for Approval

8c. Resolution 1991, Update to Public Housing Admissions & Continued Occupancy Policy

Recommended Board Action: Accept and Adopt for Approval

8d. Resolution 1992, Write-off Uncollectible Debt

Recommended Board Action: Accept and Adopt for Approval

9. Closed Session – If needed.

10. Adjournment

* * * Note * * *

Documents related to this agenda are available on-line at:

<https://eurekaumboldttha.org/governance/>

Know Your RIGHTS Under The Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.

MINUTES

REGULAR MEETING OF THE HOUSING AUTHORITY OF THE CITY OF EUREKA BOARD OF COMMISSIONERS

Monday, October 16, 2023

Chairperson Serotta declared a quorum present and called the meeting to order at 7:30pm.

1. Roll Call:

Present: Chairperson Serotta, Vice Chairperson Konkler, Commissioner Escarda,
Commissioner Pittman

Absent: Commissioner Byers, Commissioner Raymond

Staff: Churchill, Humphreys, Wiesner

Public: None in attendance

2. Public Comment (Non-Agenda): None heard

3. Approve minutes of the board of commissioners meeting, held August 21, 2023.

Motion to approve the minutes of the meeting of August 21, 2023, made by Commissioner Escarda

Second – Vice Chairperson Konkler

Ayes: Serotta, Konkler, Escarda, Pittman

Nays: None

Abstain: None

Absent: Byers, Raymond

Chairperson Serotta declared the motion carried to approve the minutes of August 21, 2023.

4. Bills and Communication: None

5. Report of the Secretary:

5a. Occupancy and Leasing Report

Secretary Churchill updates the board on this report, pointing out keys points of the report.

5b. HCV Utilization Reports

Secretary Churchill updates the board and goes over keys points of the report.

5c. Repositioning Updates

Secretary Churchill states that a Memorandum of Agreement (MOU) is in process with Brinshore. We will be working out the MOU details over the next few weeks. Secretary Churchill comments that HACE is applying for financing through the State Department of Housing and Community Development. We have applied for an Infill and Infrastructure Grant (IIG) to fund infrastructure improvements and pre-development work. The City of

Eureka is providing a letter of support by the city council. The letter of support is on the agenda for approval at the next City council meeting in November.

6. Reports of the Commissioners: None heard.

7. Unfinished Business: None.

8. New Business:

8a. Resolution 1988, CA025 Revised 5-Year Plan 2021-2025

Recommended Board Action: Accept and Adopt for Approval

RESOLUTION 1988

RESOLUTION TO APPROVE 5 - YEAR AGENCY PLAN UPDATE

WHEREAS, In order to be in compliance with regulations of the United States Department of Housing and Urban Development, Housing Authority of the City of Eureka must submit a 5 year Plan every 5 years and provide progress updates; and

WHEREAS, The Agency Plan has been reviewed for accuracy and completeness; and

WHEREAS, A Public Notice stating the Agency Plan was available for review at the Housing Authority offices with a Public Hearing to be held on September 19, 2023 was published on the Housing Authority of the City of Eureka website and front lobby of the Housing Authority office; and

WHEREAS, The Public Hearing was held on September 19, 2023; and

WHEREAS, There were no changes or corrections to the agency plan suggested.

NOW, THEREFORE, BE IT RESOLVED, That the Commissioners of the Housing Authority of the City of Eureka do hereby approve the 5 Year Agency Plan update for 2021-2025 as submitted for review.

Motion to approve Resolution 1988 made by Vice Chairperson Konkler

Second – Commissioner Pittman

Ayes: Serotta, Konkler, Escarda, Pittman

Nays: None

Abstain: None

Absent: Byers, Raymond

Chairperson Serotta declared the motion carried to approve Resolution 1988.

8b. Resolution 1989, Annual Operating Budget for FY Ending December 31, 2024

Recommended Board Action: Accept and Adopt for Approval

RESOLUTION 1989

RESOLUTION TO APPROVE ANNUAL OPERATING BUDGET
FOR THE HOUSING AUTHORITY OF THE CITY OF EUREKA
FOR FISCAL YEAR ENDING DECEMBER 31, 2024

WHEREAS, The Housing Authority of the City of Eureka Board of Commissioners directed the Executive Director to prepare an Operating Budget for Housing Authority of the City of Eureka for fiscal year ending December 31, 2024; and

WHEREAS, The Operating Budget has been submitted for the Board's review and has been found to be substantially correct.

NOW, THEREFORE, BE IT RESOLVED, That the Commissioners of the Housing Authority of the City of Eureka do hereby approve and adopt the Operating Budget for FYE December 31, 2024.

Motion to approve Resolution 1989 made by Vice Chairperson Konkler

Second – Commissioner Escarda

Ayes: Serotta, Konkler, Escarda, Pittman
Nays: None
Abstain: None
Absent: Byers, Raymond

Chairperson Serotta declared the motion carried to approve Resolution 1989.

9. Closed Session: None needed.

10. Adjournment

There being no further business to come before the Commissioners, the meeting was adjourned at 7:56pm.

Secretary

Chairperson

**Occupancy and Leasing Report
April 2023 - September 2023**

**Housing Authorities of the
City of Eureka and County of Humboldt**

Program	Total Units Available	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Wait List End of Month
Eureka								
Public Housing	195	183	185	185	186	188	186	674 *
Eureka Family Housing	51	49	49	48	48	46	46	652
Eureka Senior Housing	22	21	21	21	21	21	21	243
Total City units	268	253	255	254	255	255	253	

Humboldt

Tenant Based Vouchers									
Housing Choice Vouchers	1234	783	775	780	790	785	784	1168	
VASH Vouchers	95	61	62	61	60	62	62	N/A	
Mainstream vouchers	75	50	50	51	52	53	50	N/A ***	
Emergency Housing Vouchers (EHV)	182	108	111	114	127	127	137	N/A ‡	
Total All Vouchers	1586	1002	998	1006	1029	1027	1033		
Project Based Vouchers (note that these are a subset of HCV & VASH voucher counts shown above)									
PBV-VASH - Bayview Heights (Eureka)	22	22	22	22	22	22	22	N/A **	
PBV-HCV - Bayview Heights (Eureka)	3	3	3	3	3	3	3	0 **	
PBV-HCV - Sorrell Place (Arcata)	5	5	5	5	5	5	5	15 **	
PBV-HCV - Providence (Eureka)	42	(Projects not yet completed)							
PBV-HCV - 7th & Myrtle Senior (Eureka)	35								†
Total PBVs	107	30	30	30	30	30	30		

Vouchers issued but not under contract, end of month (aka "Searching")	56
--	----

*Total PH units is 198; 3 units are exempted for EPD use, Boys & Girls Club, and Maintenance use and are unavailable for tenant rental

**25 Project Based Vouchers at Bayview Heights Veteran's housing at 4th & C Street, Eureka; contract signed 6/30/2020.
5 Project Based HCV vouchers at Sorrell Place, extremely low income units at 7th & I Street, Arcata; effective 6/1/2022.

*** Mainstream vouchers were awarded December 2020. Funding and voucher issuance began April 2021.
25 Mainstream vouchers will be allocated via waitlist pulls; 50 will be via referral from CoC partners.

‡ No PHA waitlist for EHV's; all are issued based on referral from HHHC or HDVS. Referrals began Q4 2021.

† HUD-approved PBVs; projects expected to complete construction in 2023.

COUNTY OF HUMBOLDT HOUSING AUTHORITY
All Voucher Programs
For the month of September 2023

	January	February	March	April	May	June	July	August	September	Total
Traditional HCV & VASH (Includes PBVs)										
HAP income (budget authority)	\$ 554,989	\$ 561,152	\$ 561,152	\$ 561,152	\$ 561,152	\$ 513,444	\$ 513,444	\$ 513,444	\$ 513,444	\$ 4,853,369
HAP expenses	(526,451)	(537,222)	(542,783)	(543,583)	(543,351)	(545,994)	(553,858)	(554,820)	(555,264)	(4,903,326)
Surplus (Deficit)	28,538	23,930	18,369	17,569	17,801	(32,551)	(40,415)	(41,377)	(41,821)	(49,958)
* % Total income utilized	94.86%	95.74%	96.73%	96.87%	96.83%	106.34%	107.87%	108.06%	108.15%	101.03%
Administrative/Other Income	75,927	91,889	76,230	75,898	75,742	76,587	76,007	107,199	136,664	792,143
Operating expenses	(57,389)	(65,305)	(70,107)	(62,912)	(60,073)	(59,020)	(59,984)	(61,826)	(69,929)	(566,546)
Surplus (Deficit)	18,538	26,584	6,123	12,986	15,669	17,567	16,023	45,373	66,734	225,597
B Remaining HAP Cash	15,197	2,741	29,886	(3,180)	93,597	18,802	17,902	21,091	86,035	
Remaining Non-HAP Cash	546,993	597,179	567,907	610,780	469,621	556,625	577,095	623,326	630,324	
Total HCV Cash	562,189	599,919	597,793	607,600	563,218	575,427	594,997	644,416	716,359	
Cash Increase/(Decrease)	14,569	37,730	(2,126)	9,806	(44,381)	12,209	19,570	49,420	71,942	
# of Households Assisted	843	844	844	844	838	841	849	847	846	7,596
Average HAP Payment	\$ 624	\$ 637	\$ 643	\$ 644	\$ 648	\$ 649	\$ 652	\$ 655	\$ 656	\$ 646
Mainstream (disabled & non-elderly)										
HAP income (budget authority)	\$ 23,639	\$ 23,639	\$ 24,287	\$ 24,287	\$ 23,833	\$ 23,833	\$ 23,833	\$ 23,833	\$ 23,833	\$ 215,017
HAP expenses	(29,831)	(30,983)	(32,401)	(33,608)	(33,704)	(34,267)	(34,480)	(35,043)	(33,614)	(297,931)
Surplus (Deficit)	(6,192)	(7,344)	(8,114)	(9,321)	(9,871)	(10,434)	(10,647)	(11,210)	(9,781)	(82,914)
A % Total income utilized	126.19%	131.07%	133.41%	138.38%	141.42%	143.78%	144.67%	147.04%	141.04%	138.56%
Administrative/Other Income	2,768	2,768	9,761	2,811	2,949	7,175	2,949	8,636	10,467	50,284
Operating expenses	(2,659)	(3,434)	(3,623)	(3,001)	(4,218)	(3,640)	(3,170)	(3,570)	(4,020)	(31,335)
Surplus (Deficit)	109	(666)	6,138	(190)	(1,269)	3,535	(221)	5,066	6,447	18,949
B Remaining HAP Cash	(1,723)	122	5,938	(1,852)	5,074	2,916	2,495	(2,476)	5,784	
Remaining Non-HAP Cash	42,711	42,545	41,764	48,416	42,822	53,790	53,358	58,187	57,129	
Total MSV Cash	40,988	42,667	47,702	46,564	47,896	56,706	55,853	55,711	62,913	
Cash Increase/(Decrease)	(1,906)	1,679	5,035	(1,138)	1,332	8,810	(853)	(142)	7,203	
# of Households Assisted	43	45	48	50	50	51	52	53	50	442
Average HAP Payment	\$ 694	\$ 689	\$ 675	\$ 672	\$ 674	\$ 672	\$ 663	\$ 661	\$ 672	\$ 674
Emergency Housing Vouchers (EHVs)										
HAP income (budget authority)	\$ 37,098	\$ 37,098	\$ 37,098	\$ 37,098	\$ 55,647	\$ 55,647	\$ 55,647	\$ 55,647	\$ 55,647	\$ 426,626.38
HAP expenses	(76,264)	(82,314)	(86,565)	(88,899)	(90,776)	(99,809)	(101,882)	(102,098)	(109,125)	(837,732)
Surplus (Deficit)	(39,166)	(45,216)	(49,467)	(51,801)	(35,129)	(44,162)	(46,235)	(46,451)	(53,478)	(411,106)
A % Total income utilized	205.57%	221.88%	233.34%	239.63%	163.13%	179.36%	183.09%	183.47%	196.10%	196.36%
Administrative/Other Income	11,884	27,313	25,144	20,721	37,745	35,438	72,519	37,667	43,275	311,706
Operating expenses	(16,160)	(37,880)	(27,311)	(21,459)	(31,262)	(32,921)	(64,475)	(32,622)	(41,481)	(305,570)
Surplus (Deficit)	(4,276)	(10,566)	(2,167)	(738)	6,483	2,517	8,044	5,045	1,794	6,136
B Remaining HAP Cash	27,743	-	1,538	1,177	14,662	3,259	1,639	80	(9,160)	
Remaining Non-HAP Cash	149,958	114,694	96,854	82,378	51,376	50,163	162,206	142,969	275,805	
Total EHV Cash	177,701	114,694	98,391	83,555	66,037	53,422	163,845	143,049	266,645	
C Cash Increase/(Decrease)	(107,282)	(63,007)	(16,303)	(14,836)	(17,518)	(12,615)	110,422	(20,796)	123,597	
# of Households Assisted	86	100	102	108	111	114	127	127	137	1,012
Average HAP Payment	\$ 887	\$ 823	\$ 849	\$ 823	\$ 818	\$ 876	\$ 802	\$ 804	\$ 797	\$ 828

COUNTY OF HUMBOLDT HOUSING AUTHORITY
All Voucher Programs
For the month of September 2023

	January	February	March	April	May	June	July	August	September	Total
Total All Voucher Programs										
HAP income (budget authority)	\$ 615,726	\$ 621,889	\$ 622,537	\$ 622,537	\$ 640,631	\$ 592,923	\$ 592,923	\$ 592,923	\$ 592,923	\$ 5,495,012
HAP expenses	(632,546)	(650,519)	(661,749)	(666,090)	(667,831)	(680,070)	(690,220)	(691,961)	(698,003)	(6,038,989)
Surplus (Deficit)	<u>(16,821)</u>	<u>(28,631)</u>	<u>(39,213)</u>	<u>(43,554)</u>	<u>(27,200)</u>	<u>(87,147)</u>	<u>(97,297)</u>	<u>(99,038)</u>	<u>(105,080)</u>	<u>(543,977)</u>
A % Total income utilized	102.73%	104.60%	106.30%	107.00%	104.25%	114.70%	116.41%	116.70%	117.72%	109.90%
Administrative/Other Income	90,579	121,971	111,134	99,430	116,436	119,200	151,475	153,502	190,405	1,154,133
Operating expenses	(76,208)	(106,619)	(101,040)	(87,372)	(95,553)	(95,581)	(127,629)	(98,018)	(115,430)	(903,451)
Surplus (Deficit)	<u>14,371</u>	<u>15,352</u>	<u>10,094</u>	<u>12,058</u>	<u>20,884</u>	<u>23,619</u>	<u>23,846</u>	<u>55,484</u>	<u>74,975</u>	<u>250,682</u>
Remaining HAP Cash	41,217	2,863	37,362	(3,855)	113,332	24,977	22,035	18,694	82,659	
Remaining Non-HAP Cash	739,662	754,418	706,525	741,574	563,819	660,578	792,659	824,481	963,258	
Total Program Cash	<u>780,878</u>	<u>757,280</u>	<u>743,886</u>	<u>737,719</u>	<u>677,151</u>	<u>685,555</u>	<u>814,694</u>	<u>843,175</u>	<u>1,045,917</u>	
Cash Increase/(Decrease)	(94,619)	(23,598)	(13,394)	(6,168)	(60,568)	8,404	129,139	28,481	202,742	
# of Households Assisted	972	989	994	1,002	999	1,006	1,028	1,027	1,033	9,050
Average HAP Payment	\$ 651	\$ 658	\$ 666	\$ 665	\$ 668	\$ 676	\$ 671	\$ 674	\$ 676	\$ 667

Notes

* Larger increase than expected to HCV budget authority for 2023. Expecting award to get reduced after federal budget finalization, or for excess funds to be placed in reserves.

A Spending above 100% indicates full utilization of monthly funding plus spending down of HUD-held reserves (which is encouraged/required by HUD).

B HAP cash on hand is minimal, but sufficient HAP reserves are held with HUD. HUD held reserve requests submitted as necessary. Restricted cash position may go "negative" while waiting for HUD held reserve deposits and is temporarily funded with excess unrestricted funds.

HUD Held Reserves as of 10/19/2023

HCV - \$2,942,273
MSV - \$208,112
EHV - \$617,508

**Additional \$2,142,682 awarded to reserves to support voucher growth.*

C Cash decrease due to timing of HUD stopping EHV HAP and Admin Fee disbursements; expecting cash to continue to decrease as initial program funding is utilized per HUD program mandate. Once initial program funding gets below a certain level, HUD will initiate monthly funding again. Second installment of EHV Services Fees received in July of 2023 for \$159,250. Third and final installment of EHV Services Fees received in September of 2023 for \$159,250.

Housing Authority of the City of Eureka

Board of Commissioners Meeting

November 20, 2023

Agenda Item 8a

Memorandum

To: Commissioners

From: Cheryl Churchill, Executive Director

Subject: Annual Update from City of Eureka Planning Department

BACKGROUND AND HISTORY:

As requested by the board, a new goal has been added to provide an annual update from the City of Eureka Planning Department. Goal number twelve was added as follows: *The PHA will request annually a report and/or presentation from the City of Eureka Planning Department to update the Housing Authority staff and board on any new or changed ordinances, policies, zoning, etc. that may impact Housing Authority operations.*

The City of Eureka Development Services Director, Cristin Kenyon, will be giving an in person update to the HACE board of commissioners.

STAFF RECOMMENDATION:

None. Informational only.

Housing Authority of the City of Eureka

Board of Commissioners Meeting

November 20, 2023

Agenda Item 8b

Memorandum

To: Commissioners

From: Dustin Wiesner, Director of Finance, Administration, and Technology

Subject: Housing Authority of the City of Eureka's 2022 Financial Audit Report.

BACKGROUND AND HISTORY:

Presented is the Housing Authority of the City of Eureka's 2022 Financial Audit Report. We had zero findings and the one finding from the prior year audit has been resolved. Below is a list of financial highlights and a reference to relevant discussion points.

- Net position increased by \$535,110 (9%) during 2022 (pg. 6-7 of audit report) primarily due to additions of capital assets offset by a net increase in our pension and other post-employment benefit (OPEB) liabilities.
 - Capital assets increased due to unit renovations, a new investment property, and fencing and video surveillance installations at several Public Housing Properties resulting from the award of an Emergency Safety and Security grant.
 - Our Pension and OPEB liabilities were expected to increase as a "pendulum" effect from the unexpected *decrease* in prior year balances resulting from large swings in the stock market, etc. These liabilities are long-term in nature and the agency has no concern in paying this liability down over time.
- Total revenues increased \$262,527 (12%) during 2022 (pg. 8 of audit report) primarily due to receiving an Emergency Safety and Security grant as well as increases to our capital fund grant.
- Total expenses decreased by \$154,864 (7%) during 2022 (pg. 8 of audit report) primarily due to a pension expense adjustment resulting from an increase in the Housing Authority of the County of Humboldt's portion of pension liability owed to the Housing Authority of the City of Eureka, which was offset by an increase in depreciation expense related to the completion of new capital projects.

FISCAL IMPACT:

HUD requires an annual audited financial report. Failure to submit an annual audited financial report may result in sanctions including, but not limited to, a permanent reduction or offset of funding.

STAFF RECOMMENDATION:

Staff recommends that the Board approve the Housing Authority of the City of Eureka's 2022 Financial Audit Report.

CITY OF EUREKA HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2022



**CITY OF EUREKA HOUSING AUTHORITY
TABLE OF CONTENTS
DECEMBER 31, 2022**

	<u>Page</u>
List of Principal Officials	01
Independent Auditor's Report	02
Management's Discussion and Analysis (Unaudited)	05
Basic Financial Statements	
Statement of Net Position.....	10
Statement of Revenues, Expenses, and Changes in Net Position.....	12
Statement of Cash Flows.....	13
Notes to Basic Financial Statements.....	15
Required Supplementary Information (Unaudited)	
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios.....	43
Schedule of Pension Plan's Contributions.....	44
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	45
Supplementary Information	
Schedule of Expenditures of Federal Awards	46
Notes to Schedule of Expenditures of Federal Awards.....	47
Statement and Certification of Actual Costs.....	48
Compliance Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	51
Schedule of Findings and Questioned Costs	54
Status of Prior Year Audit Findings and Recommendations	56

**CITY OF EUREKA HOUSING AUTHORITY
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2022**

The following table lists the Board Members as of December 31, 2022:

	Position
Kali Serotta	Chairperson
Kay Escarda	Vice-Chairperson
Renee Byers	Commissioner
Mark Konkler	Commissioner
Kristen Raymond	Commissioner
Tabatha Pittman	Commissioner

In addition to the above Commissioners, the Administrator of the Authority is Cheryl Churchill, who serves as the Executive Director.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
City of Eureka Housing Authority
Eureka, California

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, and the aggregate discretely presented component units of City of Eureka Housing Authority (the "Authority"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the Authority as of December 31, 2022, and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following discretely presented component units:

- Eureka Family Housing LP

This entity collectively represents 85%, 13%, and 79%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements, which were prepared in accordance with Accounting Standards Codification as issued by the Financial Accounting Standards Board, were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 9, and required supplementary schedules on pages 43 - 45, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. In addition, the accompanying statement and certification of actual costs, required by the U.S. Department of Housing and Urban Development, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 01, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Harshmal & Company LLP

Oakland, California
September 01, 2023

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

City of Eureka Housing Authority (the "Authority") primarily provides housing assistance to low income individuals and families. Its primary sources of funding are through grants received from the U.S. Department of Housing and Urban Development (HUD).

The Authority's Management's Discussion and Analysis is designed to:

- Assist the reader in focusing on significant financial issues,
- Provide an overview of the Authority's financial activity,
- Identify changes in the Authority's financial position and its resulting ability to address the next and subsequent year challenges, and
- Identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

The Authority's net position increased by \$535,110 (9%) during the year 2022. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. The net position was \$6,686,080 and \$6,150,970 for 2022 and 2021, respectively.

Total revenues increased by \$271,690 (11%) during 2022 and were \$2,676,516 and \$2,404,826 for 2022 and 2021, respectively.

Total expenses decreased by \$153,386 (7%) during 2022 and were \$2,141,406 and \$2,294,792 for 2022 and 2021, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of two parts: management's discussion and analysis and the basic financial statements. The Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Authority. While detailed sub-fund information is not presented, separate accounts are maintained for each program of the Authority.

The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and notes to the financial statements. The statement of net position provides a record or snapshot of the assets and liabilities at the close of the fiscal year. It presents the financial position of the Authority on a full accrual historical cost basis. The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year. The statement of cash flows is related to the other financial statements by the way it links changes in assets and liabilities to the effects on cash and cash equivalents over the course of the fiscal year. The notes to the financial statements provide useful information regarding the Authority's significant accounting policies, significant account balances and activities, certain material risks, obligations, commitments, contingencies, and subsequent events.

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY

The following table reflects the condensed Statement of Net Position compared to the prior year.

Table 1 - Statement of Net Position

	December 31, 2022	December 31, 2021	Change
Cash and equivalents	\$ 885,223	\$ 916,384	\$ (31,161)
Other current assets	143,033	125,832	17,201
Net capital assets	2,454,105	1,917,775	536,330
Other assets	<u>5,966,169</u>	<u>5,487,084</u>	<u>479,085</u>
Total assets	9,448,530	8,447,075	1,001,455
Deferred outflows of resources	<u>974,798</u>	<u>417,939</u>	<u>556,859</u>
Total assets and deferred outflows of resources	<u>10,423,328</u>	<u>8,865,014</u>	<u>1,558,314</u>
Current liabilities	343,548	247,260	96,288
Noncurrent liabilities	<u>2,846,567</u>	<u>1,538,832</u>	<u>1,307,735</u>
Total liabilities	3,190,115	1,786,092	1,404,023
Deferred inflows of resources	<u>547,133</u>	<u>927,952</u>	<u>(380,819)</u>
Total liabilities and deferred inflows of resources	<u>3,737,248</u>	<u>2,714,044</u>	<u>1,023,204</u>
Net position:			
Net investment in capital assets	2,175,128	1,911,175	263,953
Unrestricted	<u>4,510,952</u>	<u>4,239,795</u>	<u>271,157</u>
Total net position	<u>6,686,080</u>	<u>6,150,970</u>	<u>535,110</u>
Total liabilities, deferred inflows of resources, & net position	<u>\$ 10,423,328</u>	<u>\$ 8,865,014</u>	<u>\$ 1,558,314</u>

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Major factors affecting the Statement of Net Position (Table 1)

The net position increased by \$535,110 (9%) as a result of the following major factors:

Assets

- Cash and equivalents decreased by \$31,161 (3%) mostly due to the purchase of a new investment property and continued unit renovations.
- Other current assets increased by \$17,201 (14%) mostly as a result of an increase in prepaid insurance and tenant accounts receivable at year end.
- Net capital assets increased by \$536,330 (28%) due to a new investment property (see Note 6), unit renovations, and planned capital projects, which were offset by regular depreciation.
- Other assets increased by \$479,085 (9%) mostly due to an increase in Pension and OPEB (Other Post-Employment Benefits) receivable of \$310,690, in addition to an increase in interest receivable from several loans (see Note 15).
- Deferred outflows of resources increased by \$556,859 (133%) due to an increase in deferred outflows related to Pensions of \$581,156 (see Note 9), offset by a decrease in deferred outflows related to OPEB of \$24,297 (see Note 8).

Liabilities

- Noncurrent liabilities increased by \$1,307,735 (85%) mostly due to an increase in Pension liability of \$1,200,329 (see Note 9), a new liability related to the acquisition of an investment property for \$266,844 (see Note 7), and a decrease in OPEB liability of \$164,696 (see Note 8).
- Deferred inflows of resources decreased by \$380,819 (41%) due to a decrease in deferred inflows related to Pensions of \$566,896 (see Note 9), offset by an increase in deferred inflows related to OPEB of \$186,077 (see Note 8).

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

The following schedule compares the revenues and expenses for the current and previous fiscal years.

Table 2 - Statement of Revenues, Expenses and Changes in Net Position

	December 31, <u>2022</u>	December 31, <u>2021</u>	<u>Change</u>
Operating revenues	\$ 1,045,367	\$ 1,109,415	\$ (64,048)
Operating grants and subsidies	1,453,567	1,126,992	326,575
Depreciation expenses	(274,014)	(241,246)	(32,768)
Other operating expenses	<u>(1,865,914)</u>	<u>(2,053,546)</u>	<u>187,632</u>
Operating income (loss)	359,006	(58,385)	417,391
Investment income	177,582	168,419	9,163
Interest expense	<u>(1,478)</u>	<u>-</u>	<u>(1,478)</u>
Net income (loss) - change in net position	<u>535,110</u>	<u>110,034</u>	<u>425,076</u>
Net position, beginning of year	<u>6,150,970</u>	<u>6,040,936</u>	<u>110,034</u>
Net position, end of year	<u><u>\$ 6,686,080</u></u>	<u><u>\$ 6,150,970</u></u>	<u><u>\$ 535,110</u></u>

Major factors affecting the Statement of Revenues, Expenses and Changes in Net Position (Table 2)

The Authority's change in net position increased by \$535,110 in 2022 compared to 2021's increase of \$110,034 in net position due to the following factors:

Revenues

- Operating revenues decreased by \$64,048 (6%) primarily due to comparatively less insurance claim proceeds received in addition to slightly lower tenant rent revenue as a result of a change in tenant income mix.
- Operating grants and subsidies increased by \$326,575 (29%) mostly due to receiving an Emergency Safety and Security grant in the amount of \$250,000 and also increases to our capital fund grant.

Expenses

- Depreciation expense increased by \$32,768 (14%) due to the completion of unit renovations and planned maintenance projects (See Note 6).
- Other operating expenses decreased by \$187,632 (9%) primarily due to a pension expense adjustment of \$180,956 resulting from a related party's portion of pension liability owed (see Note 15).

**CITY OF EUREKA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the fiscal year ended December 31, 2022, the Authority had \$2,454,105 invested in various capital assets as reflected in the following schedule, representing a net increase (additions, deductions, and depreciation) of \$536,330 from the end of last year.

Table 3 - Change in Capital Assets

	December 31, <u>2022</u>	December 31, <u>2021</u>	<u>Change</u>
Land	\$ 322,315	\$ 322,315	\$ -
Construction in progress	55,816	94,451	(38,635)
Buildings	9,458,253	8,652,346	805,907
Furniture and equipment-administration	364,222	333,190	31,032
Intangible capital assets	14,577	-	14,577
Less: Accumulated depreciation	(7,758,541)	(7,484,527)	(274,014)
Less: Accumulated amortization	<u>(2,537)</u>	<u>-</u>	<u>(2,537)</u>
Capital Assets, net	<u>\$ 2,454,105</u>	<u>\$ 1,917,775</u>	<u>\$ 536,330</u>

The change in capital assets is presented in detail in the notes to the financial statements.

Debt Outstanding

The Authority had the following amounts of debt outstanding:

	December 31, <u>2022</u>	December 31, <u>2021</u>	<u>Change</u>
Total debt	<u>\$ 266,844</u>	<u>\$ 6,600</u>	<u>\$ 260,244</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding by the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflation, recession, and employment trends, which can affect resident incomes and therefore the amount of rental income.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Cheryl Churchill, Executive Director for City of Eureka Housing Authority, at (707) 443-4583. Specific requests may be submitted to Dustin Wiesner, Director of Finance, City of Eureka Housing Authority, 735 West Everding, Eureka, CA 95503.

BASIC FINANCIAL STATEMENTS

CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets		
Current assets:		
Cash and cash equivalents-operating	\$ 799,586	\$ 239,190
Accounts receivable, net	44,405	29,474
Accrued interest receivable	1,807	-
Notes receivable-current	7,980	-
Prepaid expenses and other current assets	<u>88,841</u>	<u>28,430</u>
Total current assets	<u>942,619</u>	<u>297,094</u>
Restricted assets:		
Restricted cash and cash equivalents	<u>85,637</u>	<u>576,499</u>
Total restricted assets	<u>85,637</u>	<u>576,499</u>
Noncurrent assets:		
Investment in joint ventures	397,361	-
Notes receivable, net of current	3,168,825	-
Other long-term assets	2,399,983	927
Capital assets, net of accumulated depreciation	2,442,065	6,198,257
Intangible capital assets, net of accumulated amortization	<u>12,040</u>	<u>-</u>
Total noncurrent assets	<u>8,420,274</u>	<u>6,199,184</u>
Total assets	<u>9,448,530</u>	<u>7,072,777</u>
Deferred outflows of resources		
Deferred outflows of resources - Pension	811,938	-
Deferred outflows of resources - OPEB	<u>162,860</u>	<u>-</u>
Total deferred outflows of resources	<u>974,798</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 10,423,328</u>	<u>\$ 7,072,777</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 146,359	\$ 19,146
Unearned revenue	33,791	7,638
Deposits held in trust, contra	85,637	29,231
Other current liabilities	60,802	70,335
Accrued employee benefits payable	2,442	159
Debt, current portion	11,347	48,323
Lease liability, current portion	3,170	-
Total current liabilities	<u>343,548</u>	<u>174,832</u>
Noncurrent liabilities:		
Debt, net of current	255,497	4,614,723
Lease liability, net of current	8,963	-
Other long-term liabilities	-	3,146,296
Accrued employee benefits payable, net of current	2,582,107	5,146
Total noncurrent liabilities	<u>2,846,567</u>	<u>7,766,165</u>
Total liabilities	<u>3,190,115</u>	<u>7,940,997</u>
Deferred inflows of resources		
Deferred inflows of resources - Pension	281,951	-
Deferred inflows of resources - OPEB	265,182	-
Total deferred inflows of resources	<u>547,133</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>3,737,248</u>	<u>7,940,997</u>
Net position		
Net investment in capital assets	2,175,128	1,535,211
Unrestricted	4,510,952	(2,403,431)
Total net position	<u>6,686,080</u>	<u>(868,220)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,423,328</u>	<u>\$ 7,072,777</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Operating revenues		
Rental revenue - tenant, net of collection losses	\$ 939,171	\$ 737,696
Operating grants and subsidies	1,453,567	111,282
Other revenue	<u>106,196</u>	<u>1,871</u>
Total operating revenues	<u>2,498,934</u>	<u>850,849</u>
Operating expenses		
Administrative	491,866	123,648
Tenant services	59,907	6,707
Utilities	247,075	74,164
Ordinary maintenance and operations	831,845	254,850
Insurance premiums	112,030	47,617
Other general expenses	120,654	64,862
Depreciation	274,014	258,925
Amortization expenses	<u>2,537</u>	<u>-</u>
Total operating expenses	<u>2,139,928</u>	<u>830,773</u>
Operating income (loss)	<u>359,006</u>	<u>20,076</u>
Nonoperating revenues (expenses)		
Investment income	177,582	4,436
Interest expenses & amortization	<u>(1,478)</u>	<u>(272,719)</u>
Total nonoperating revenues (expenses)	<u>176,104</u>	<u>(268,283)</u>
Change in net position	535,110	(248,207)
Net position, beginning of year	<u>6,150,970</u>	<u>(620,013)</u>
Net position, end of year	<u>\$ 6,686,080</u>	<u>\$ (868,220)</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash flows from operating activities:

Receipts from rents	\$ 928,630
Receipts from operating grants	1,470,837
Receipts from other miscellaneous sources	106,196
Payments for tenant services	(50,404)
Payments for expenses	<u>(1,644,094)</u>

Net cash provided by operating activities 811,165

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(798,304)
Principal payments on debt	(7,756)
Principal paid on right to use leased assets	(2,444)
Interest payment	(1,442)
Proceed from note payable	<u>268,000</u>

Net cash used in capital and related financing activities (541,946)

Cash flows from investing activities:

Purchases of investments	(302,710)
Interest received on investments	<u>2,330</u>

Net cash used in investing activities (300,380)

Net change in cash and cash equivalents (31,161)

Cash and cash equivalents, beginning of year 916,384

Cash and cash equivalents, end of year \$ 885,223

Reconciliation of cash to the Statement of Net Position:

Cash and cash equivalents-operating	\$ 799,586
Restricted cash and cash equivalents	<u>85,637</u>

Total cash and cash equivalents \$ 885,223

The accompanying notes are an integral part of these financial statements.

**CITY OF EUREKA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 359,006
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	274,014
Amortization expense	2,537
Change in operating assets and liabilities:	
Accounts receivable	(10,541)
Prepaid expenses and other assets	(7,784)
Accounts payable	66,387
Deposits held in trust, contra	9,502
Accrued employee benefits payable	1,043,511
Unearned revenue	17,270
Other current liabilities	(5,062)
Net pension and OPEB liabilities	<u>(937,675)</u>
Net cash provided by operating activities	<u>\$ 811,165</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - NATURE OF BUSINESS AND ORGANIZATION

City of Eureka Housing Authority (the "Authority") was incorporated on August 6, 1946, under the California State Health and Safety Code, Section 34200. The Authority was established to provide clean, decent, safe, sanitary, and affordable housing to low-income families.

Commissioners are appointed by the mayor. Regular commissioners serve terms of four years, and tenant commissioners serve two years. The Board consists of seven commissioners.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with the Authority to administer certain HUD funds.

The Authority's primary operations are comprised of the Low Rent Housing Program. This program is designed to provide very low-income families with decent, safe, and sanitary rental housing. The Low Rent Housing Program operates the Authority's own rental housing units subsidized by HUD through an Annual Contributions Contract (ACC). This program has 196 units owned at twelve different sites as of September 01, 2023, as well as a community center and police annex. This program is operated by the Authority under HUD contract SF-216. Funding is provided by tenant rent payments and subsidies provided by HUD based upon a formula that takes into consideration factors such as prior formula funding, population of the area, number of dwelling units, bedroom sizes, building height, and building age, utility costs, and rental income.

The Low Rent Housing Program is supplemented by the Capital Fund Program. The purpose of this program is to utilize funds granted by HUD for remodeling and upgrading the facilities in the Low Rent Housing Program, as well as to support overall operations. These grant funds are authorized by HUD each year but can be spent over the course of several years.

In addition, the Authority operates other non-federal housing programs. Marine View Terrace was formed for the purpose of investing excess funds of the Authority and to loan other programs operating funds throughout the year when their funds require operating capital. Marine View Terrace also acts as manager for the dwelling units owned by Eureka Family Housing, LP and Eureka Housing Associates, LP and receives a management fee for its services. Funds from this program can be used as "seed" money for developing low-income housing.

Reporting Entity

As described in GASB Statement No. 34, paragraph 134, the Authority is considered a primary government and meets the definition of a special purpose government ("SPG"). The Authority is a legally separate entity that is engaged in only business-type activities. Business-type activities are defined as activities that are financed in whole or in part by fees charged to external parties for goods or services. SPGs engaged only in business-type activities are required to present only the financial statements required for proprietary funds, which include Management's Discussion and Analysis ("MD&A"), basic financial statements, and Required Supplementary Information ("RSI"). All inter-program activities have been eliminated in these financial statements.

The Authority is an independent agency with operations separate from those of the City of Eureka (City). The Authority's obligations, including loans through direct borrowing or the sale of bonds, are not obligations of the City. The City provides no funding to the Authority. Additionally, the City does not hold title to any of the Authority's assets, nor does it have any right to Authority's surpluses. The City does not have the ability to exercise influence over the Authority's daily operations or approve the Authority's budgets.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - NATURE OF BUSINESS AND ORGANIZATION - CONT'D

The Authority is a separate entity from the County of Humboldt Housing Authority. Each Housing Authority has an independent Board of Commissioners and individual by-laws to adhere to. One executive director administers both housing authorities; staff, office space, and equipment are shared. Costs associated with these shared resources are allocated based on actual time spent on programs, square footage, and other methods deemed appropriate by management.

Management applied the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, Statement No. 39, *Determining Whether Certain Organizations are Component Units - an Amendment of GASB Statement No. 14*, Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14* to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the Authority appoints the voting majority of the governing board, there is a financial benefit/burden relationship, the Authority is able to impose its will, the component unit is fiscally dependent on the Authority, the component unit's governing body is substantially the same as the Authority, and management of the Authority have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

Blended Component Units:

Eureka Housing Development Corporation - This is a legally separate entity that is a 501(c)(3) not-for-profit corporation. The board of the corporation is nearly identical to the board of the Authority. The purpose is to provide affordable housing for low-income persons and to serve as a general partner in Eureka Housing Associates, LP, and as a single member of the Eureka Family Housing, LP. Eureka Housing Development Corporation shares the December 31st year-end with the Authority. There are no separately issued audited financial statements for this entity, however, a copy of the most recent informational tax return (Form 990) can be obtained from staff at the Authority's office.

Discrete Component Units:

Eureka Family Housing, LP - This is a legally separate entity formed as a partnership between Eureka Housing Development Corporation and Merritt Community Capital Fund X, L.P. The purpose is to provide low-rent housing to qualifying residents of the City of Eureka in accordance with guidelines and requirements established by CalHFA. Funds to construct dwellings, subsidize rents, and use for operating expenses are obtained through contracts with the Department of Housing and Urban Development (HUD) and the California Housing Finance Agency (CalHFA). At December 31, 2022, 50 units were contracted through CalHFA. This entity shares the December 31st year-end with the Authority.

Eureka Housing Associates, LP - This is a legally separate entity formed as a partnership between Eureka Housing Development Corporation and an investment partner. The purpose is to own and operate a 22-unit scattered-site multi-family project for the benefit of elderly low-income persons who need affordable, decent, safe, and sanitary housing and related services. This entity shares the December 31st year-end with the Authority.

Reports for discrete component units are issued under separate cover. They may be obtained at the City of Eureka Housing Authority, 735 West Everding Street, Eureka, CA 95503.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis of Accounting

The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Authority has elected to apply all relevant Government Accounting Standards Board (GASB) pronouncements.

The statement of net position presents the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Statement of Revenues, Expenses, and Changes in Net Position - The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from grant agreements, providing services, and producing and delivering goods in connection with the ongoing principal operations. The principal operating revenues of the Authority include program-specific grants and rental income from tenants of the various housing projects. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as applied to governmental units require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in money market funds, and certificates of deposit.

Restricted Cash

Restricted cash consists of cash and investments that are held in trust, reserves, and escrows, as well as other cash and investments that are restricted for specific purposes.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Accounts Receivable from Tenants

Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

In accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was \$39,701 for the year ended December 31, 2022.

Accounts Receivable from HUD and Other Governments

The amounts reported as accounts receivable from HUD or due from other governments represent reimbursable costs or grant subsidies earned that have not been received as of year-end; these amounts are considered fully collectible.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives for each major class of depreciable fixed assets range from 3 - 40 years.

Intangible Capital Assets: The Authority has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of December 31, 2022, there has been no impairment of the capital assets.

Provision for Uncollectible Notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made. Currently, management has deemed all notes receivable fully collectible and thus has not recorded any provision for uncollectible notes.

Tenant Security Deposits

Security deposits consist of amounts held in trust with the Authority for tenants to secure apartment leases.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Compensated Absences

Compensated absences are absences for which employees will be paid, e.g., sick leave, vacation, and other approved leave. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences for which the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay are recorded as an expense and related liability in the year earned by employees. Authority's policy is that annual vacation leave is limited to 320 hours at year-end, and sick leave is limited to 1,000 hours.

Unearned Revenue

Unearned revenues consist of rental payments made by tenants in advance of their due date and/or rental subsidies received in advance of the period earned.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority reports deferred outflows of resources for pension and OPEB related items. See Notes 8 and 9 to the basic financial statements.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority reports deferred inflows of resources for pension and OPEB related items. See Notes 8 and 9 to the basic financial statements.

Leasing Activities

The Authority is the lessor of dwelling units to eligible residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be canceled at any time or renewed annually. The Authority may cancel the leases only for a cause. Revenues associated with these leases are reported in the accompanying financial statements and related schedules within dwelling rent revenue.

Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Authority's California Public Employees' Retirement System ("CalPERS") plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases

Lessee

At the commencement of a lease, the Housing Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over its useful life.

Key estimates and judgments related to leases include how the Housing Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Housing Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Housing Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Housing Authority is reasonably certain to exercise.

The Housing Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with intangible capital assets and lease liabilities are reported with long-term lease liability on the statement of net position.

Lessor

At the commencement of a lease, the Housing Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Housing Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Housing Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Leases - Cont'd

The Housing Authority monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease Liabilities

On January 01, 2022, the Housing Authority adopted GASB 87 Leases and adopted the changes to conform to the provisions of GASB 87 Implementation Guide. Lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Housing Authority has leases for equipment. The lease liability is measured at the present value of the remaining lease payments, using a discount rate based on the rate implicit in the lease, if readily determinable. Otherwise, the Housing Authority uses its incremental borrowing rate at commencement date to determine the present value of future payments.

Internal Activity and Balances

All transfers, intercompany charges, and other interfund activity balances have been eliminated from the basic financial statements in accordance with GASB pronouncements.

Income Taxes

The Authority is not subject to federal or state income taxes.

Effects of New Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which are effective for the Authority during the year. The following are new GASB pronouncements adopted by the Authority for the fiscal year 2022:

GASB Statement No. 87, Leases

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

GASB Statement No. 91, Conduit Debt Obligations

GASB Statement No. 92, Omnibus 2020

GASB Statement No. 93, Replacement of Interbank Offered Rates

GASB Statement No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. An Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32.

Except GASB 87, the Authority had no reportable impacts for the fiscal year 2022. The provisions of GASB 87 have been implemented on January 1, 2022. GASB Statement No. 87 requires that government lessees recognize a lease liability and intangible assets representing the lessee's right to use the leased asset and report in its financial statements amortization expense for using the lease asset for the shorter of the lease term or the useful life of the underlying asset, interest expense on the lease liability and note disclosures about the lease.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

New Accounting Standards to be Adopted in Future Years

GASB Statement No. 96, Subscription Based Technology Arrangements, the requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 99, Omnibus 2022, The requirements of this statement are effective immediately for certain provisions and other provisions are effective for fiscal years beginning after June 15, 2022 and June 15, 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections, an amendment of GASB statement No. 62, The requirements of this statement are effective for periods beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences, will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter.

The Authority's management is currently evaluating these new standards to determine what impact they will have on the Authority.

Subsequent Events

The management of the Authority has evaluated subsequent events through September 01, 2023, the date the consolidated financial statements were available to be issued.

NOTE 3 - CASH AND INVESTMENTS

Investments Authorized by the US Department of Housing and Urban Development

All deposits of the Authority are made in board-designated official depositories and are secured in accordance with HUD regulations. The annual contribution contract authorizes the Authority to invest in the following types of securities:

- Obligations of the Federal Government which are backed by the full faith and credit of the Federal Government.
- Obligations of any agency or instrumentality of the Federal Government if the payment of interest and principal on such obligations is fully guaranteed by the Federal Government.
- Obligations of the Federal Intermediate Credit Banks, the Federal Home Loan Banks, the Federal National Mortgage Association, the Bank for Cooperatives, and the Federal Land Banks which mature no later than 18 months after the date of purchase.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 - CASH AND INVESTMENTS - CONT'D

Investments Authorized by California Government Code

The following table identifies the investment types that are authorized in accordance with Section 53601 of the California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
U.S Treasury Bill, Notes and Bonds	5 years	100%	None
Government Agency Securities	5 years	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
California Local Agency Investment Fund	N/A	100%	\$65,000,000
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	5 years	20%	None
Collateralized Bank Deposits	5 years	100%	None
Investment Pools	N/A	100%	None

In accordance with GASB Statement No. 40, the Authority's exposure to deposit and investment risk is disclosed as follows:

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to manage this exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. As of December 31, 2022, the Authority's risk of changes in interest rates is minimal since the investments primarily consist of state-sponsored investment pool funds that have stated interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of December 31, 2022, The Authority mitigated it's exposure to credit risk by only investing in fully insured state investment pool funds.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department. As of December 31, 2022, none of the Authority's total bank balances were exposed to custodial credit risk.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 - CASH AND INVESTMENTS - CONT'D

Investment Policy

The Authority's investment policy, HUD, and the California Government Code do not address legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure such deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance, and State Controller. The Authority may invest up to \$65 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

All investments with LAIF are secured by the full faith and credit of the State of California. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares. Separate LAIF financial statements are available from the California State Treasurer's Office at www.treasurer.ca.gov.

The Authority's investment in this pool is reported in the accompanying financial statements at cost, which approximates fair value at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities. LAIF's exposure to risk (credit, market, or legal) is not currently available.

NOTE 4 - RESTRICTED CASH

The following schedule presents the breakdown of restricted cash as of December 31, 2022:

Tenant security deposit	\$	85,637
Restricted cash with offsetting liabilities		85,637
Total restricted cash and equivalents	\$	85,637

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 - ACCOUNTS RECEIVABLE

As of December 31, 2022, accounts receivable balance consisted of following:

Tenant receivable	\$ 112,047
Allowance for doubtful accounts - tenants	<u>(67,642)</u>
Accounts receivable, net	<u><u>\$ 44,405</u></u>

NOTE 6 - CAPITAL ASSETS

A schedule of changes in capital asset activity for the year ended December 31, 2022, is summarized below:

	December 31, 2021	Additions	Deletions	December 31, 2022
Nondepreciable assets				
Land	\$ 322,315	\$ -	\$ -	\$ 322,315
Construction in process	<u>94,451</u>	<u>425,318</u>	<u>(463,953)</u>	<u>55,816</u>
Total nondepreciable assets	<u>416,766</u>	<u>425,318</u>	<u>(463,953)</u>	<u>378,131</u>
Depreciable assets				
Buildings	8,652,346	805,907	-	9,458,253
Furniture & equipment	<u>333,190</u>	<u>31,032</u>	<u>-</u>	<u>364,222</u>
Total depreciable assets	<u>8,985,536</u>	<u>836,939</u>	<u>-</u>	<u>9,822,475</u>
Total capital assets	9,402,302	1,262,257	(463,953)	10,200,606
Less: accumulated depreciation	<u>(7,484,527)</u>	<u>(274,014)</u>	<u>-</u>	<u>(7,758,541)</u>
Capital assets, net	<u><u>\$ 1,917,775</u></u>	<u><u>\$ 988,243</u></u>	<u><u>\$ (463,953)</u></u>	<u><u>\$ 2,442,065</u></u>

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

Construction-in-progress as of December 31, 2022, was comprised of various unit-turn around costs that the Authority deemed capitalizable in accordance with its capitalization policy.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 - CAPITAL ASSETS- CONT'D

Intangible capital assets activity for the year ended December 31, 2022, was as follows:

	<u>December 31, 2021</u>	<u>Adjustment due to GASB 87</u>	<u>Increase/ (Decrease)</u>	<u>December 31, 2022</u>
Intangible capital asset right to use leased				
Right to use leased equipment	\$ -	\$ 14,577	\$ -	\$ 14,577
Total intangible capital asset right to use leased assets	<u>-</u>	<u>14,577</u>	<u>-</u>	<u>14,577</u>
Less: accumulated amortization				
Right to use leased equipment	<u>-</u>	<u>-</u>	<u>(2,537)</u>	<u>(2,537)</u>
Total accumulated amortization	<u>-</u>	<u>-</u>	<u>(2,537)</u>	<u>(2,537)</u>
Total intangible capital asset right to use leased assets, net	<u>\$ -</u>	<u>\$ 14,577</u>	<u>\$ (2,537)</u>	<u>\$ 12,040</u>

Depreciation expense for the year ended December 31, 2022, was \$274,014. The amortization expense for the year ended December 31, 2022, was \$2,537.

NOTE 7 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended December 31, 2022, is summarized below:

	<u>December 31, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2022</u>	<u>Current Portion</u>
Notes from direct borrowings	\$ 6,600	\$ 268,000	\$ (7,756)	\$ 266,844	\$ 11,347
Lease liability	-	14,577	(2,445)	12,132	3,170
<u>Accrued employee benefits:</u>					
Compensated absences	73,522	72,132	(64,254)	81,400	2,442
Net pension liability	741,765	1,200,329	-	1,942,094	-
Net OPEB liability	<u>725,751</u>	<u>-</u>	<u>(164,696)</u>	<u>561,055</u>	<u>-</u>
Total accrued employee benefits	<u>\$ 1,541,038</u>	<u>\$ 1,272,461</u>	<u>\$ (228,950)</u>	<u>\$ 2,584,549</u>	<u>\$ 2,442</u>

Lease liability:

The Authority has entered into agreements to lease office equipments. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

1) Copier Equipment: The Authority and County of Humboldt Housing Authority have been leasing and sharing copier equipment (21.33%, and 78.67%, respectively). The lease agreement includes a fixed and variable portion. The agreement was executed in April 2022 to lease equipment and requires 60 monthly payments of \$1,353.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 - LONG-TERM LIABILITIES - CONT'D

The lease liability was measured at the Authority's incremental borrowing rate. Variable payments based on the future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability. These variable payments include insurance, taxes, and other common area operating costs and are recognized as an expense in the period in which the obligation for those payments are incurred. Any components of those variable payments that are fixed in substance are included in the measurement of the lease liability.

2) Postage Equipment: The Authority and County of Humboldt Housing Authority have been leasing and sharing postage equipment (21.33%, and 78.67%, respectively). The agreement was executed in January 2019 to lease postage equipment and requires 20 quarterly payments of \$747. The lease liability is measured using the Authority's incremental borrowing rate at the commencement date.

The future minimum payments schedule at year end, was as follows:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,170	\$ 385	\$ 3,555
2024	2,724	279	3,003
2025	2,821	182	3,003
2026	2,921	82	3,003
2027	<u>496</u>	<u>4</u>	<u>500</u>
	<u>\$ 12,132</u>	<u>\$ 932</u>	<u>\$ 13,064</u>

Notes from direct borrowings:-

As of December 31, 2022, notes from direct borrowings were comprised of the following:

	<u>Principal</u>
In November 2022, the Authority obtained a loan from Umpqua bank to purchase a building. The Umpqua bank provided a loan amounting to \$268,000 which is equivalent to 80% of the building's cost. This loan is structured as a fifteen-year loan with an annual interest rate of 6% for an initial 120 installments and thereafter 6.38%. Repayment of the loan is scheduled in monthly installments of \$2,272 for first 120 installments, starting from December 2022, and subsequently, the installment amount increases to \$2,293.	<u>\$ 266,844</u>
Total	<u>\$ 266,844</u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 - LONG-TERM LIABILITIES - CONT'D

Aggregate maturities of principal due in future years are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>
2023	\$ 11,347	\$ 15,919	\$ 27,266
2024	12,012	15,254	27,266
2025	12,808	14,458	27,266
2026	13,609	13,657	27,266
2027	14,461	12,805	27,266
Thereafter	<u>202,607</u>	<u>69,046</u>	<u>271,653</u>
Total	<u>\$ 266,844</u>	<u>\$ 141,139</u>	<u>\$ 407,983</u>

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Authority offers other post-employment benefits in the form of a health care plan (OPEB Plan) to qualified retired employees. Medical insurance benefits are offered through CalPERS. The CalPERS Plan is an agent multiple-employer plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA).

As of December 31, 2022, the Authority's net OPEB liability, OPEB expenses, and deferred inflows of resources and deferred outflows of resources for the above OPEB Plan are as follows:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expenses</u>
OPEB Plan	\$ <u>561,055</u>	\$ <u>162,860</u>	\$ <u>265,182</u>	\$ <u>61,122</u>

Plan Description

The OPEB Plan is available to retired employees who have retired from the Authority and met the eligibility requirements under the Authority's pension plan. Eligible retirees are entitled to statutory minimum employer contributions under Government Code Section 22892 of the PEMHCA, further subject to the unequal contribution provisions of Section 22892(c).

Benefits Provided

The OPEB Plan provisions and benefits in effect as of December 31, 2022, are summarized as follows:

	<u>All Employees</u>
Benefit types provided	Medical only
Duration of benefits	Lifetime
Required service	Pension eligibility
Minimum age	Pension eligibility
Dependent coverage	Surviving spouse only
Authority contribution%	100% to cap
Authority cap	Govt. Code Section 22892 Statutory minimum

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONT'D

Contributions

The OPEB Plan and its contribution requirements are established by Board action and may be amended by Board action. The Authority contributes the statutory minimum per month per member of the cost of current-year premiums for eligible retired plan members and their dependents (pay-as-you-go). For the fiscal year ended December 31, 2022, the Authority's cash contributions were \$15,444 in payments to CalPERS.

Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Measurement Date 12/31/2022		
	Financial Reporting Date 12/31/2022		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at January 01, 2022	\$ 725,751	\$ -	\$ 725,751
Change recognized for measurement period:			
Service Cost	53,348	-	53,348
Interest	15,341	-	15,341
Contributions-employer	-	15,444	(15,444)
Actual benefit payments	(15,444)	(15,444)	-
Experience (gains)/losses	(48,123)	-	(48,123)
Changes in assumption	(169,818)	-	(169,818)
Net changes	(164,696)	-	(164,696)
Balance at December 31, 2022	\$ 561,055	\$ -	\$ 561,055

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate 1% Lower	Current Discount Rate	Discount Rate 1% Higher
Net OPEB liability	\$ 655,588	\$ 561,055	\$ 485,168

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONT'D

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	<u>Trend 1% Lower</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>Trend 1% Higher</u>
Net OPEB liability	\$ 474,252	\$ 561,055	\$ 672,579

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

As of December 31, 2022, the Authority reported deferred outflows and inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions or other inputs	\$ 162,860	\$ (151,942)
Differences between expected and actual experience in the total OPEB liability	-	(113,240)
Total	<u>\$ 162,860</u>	<u>\$ (265,182)</u>

The deferred inflows of resources and outflows of resources will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 24,297	\$ (31,864)
2024	24,297	(31,864)
2025	24,297	(31,864)
2026	24,297	(31,864)
2027	24,297	(31,864)
Thereafter	41,375	(105,862)
Total	<u>\$ 162,860</u>	<u>\$ (265,182)</u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - CONT'D

Actuarial Methods and Assumptions

The Authority's net OPEB liability was measured and valued based on the following actuarial methods and assumptions:

Valuation Date	December 31, 2022
Measurement Date	December 31, 2022
Actuarial cost method	Entry age
Discount rate	3.72%
Inflation	2.50%
Salary increase	2.75%
Investment rate of return	3.72%
Mortality rate	2017 CalPERS Active Mortality for Miscellaneous and schools Employees
Retirement rates	Hired before 2012: 2017 CalPERS 2.7%@55 Rates for Miscellaneous Employees Hired after 2013: 2017 CalPERS 2%@62 Rates for Miscellaneous Employees
Service requirement	100% at 5 Years of Service
Healthcare trend rate	4.00%

Plan Participants

	<u>Number of Participants</u>
Inactive employees currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	0
Participating active employees	<u>24</u>
Total number of participants	33

The Authority does not presently fund an OPEB trust. Therefore, the net OPEB liability is equal to the total OPEB liability.

There was a change in the discount rate and investment rate of return assumptions from 2.06% to 3.72% for the measurement date of December 31, 2022.

NOTE 9 - PENSION PLAN

The Authority participates in a cost-sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS), which covers substantially all regular full-time employees of the Authority. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the Authority in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB).

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 - PENSION PLAN - CONT'D

As of December 31, 2022, the Authority's proportionate share of the net pension liability, pension expense / (credit), deferred inflows of resources, and deferred outflows of resources for the above plan is as follows:

	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Proportionate Share of Pension Expense / (Credit)</u>
CalPERS	\$ <u>1,942,094</u>	\$ <u>811,938</u>	\$ <u>281,951</u>	\$ <u>119,808</u>

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The Authority sponsors two Miscellaneous Risk Pool plans; however, the information presented represents the sum of the allocated pension amounts for each of the Authority's respective plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, the annual cost of living adjustments, and death benefits to eligible plan members. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. All members are eligible for employment related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is a lump sum paid to any member's beneficiary if the member dies while actively employed. The spouse or registered domestic partner of a deceased member, who was eligible to retire for service at the time of death, may elect to receive the Pre-Retirement Option 2W Death Benefit in lieu of the Basic Death Benefit lump sum. The Pre-Retirement Option 2W Death Benefit is a monthly allowance equal to the amount the member would have received if he/she had retired for service on the date of death and elected Option 2W, the highest monthly allowance a member can leave a spouse or domestic partner. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 - PENSION PLAN - CONT'D

Benefits Provided - Cont'd

The Plan provisions and benefits in effect as of December 31, 2022, are summarized as follows:

<u>Provisions and benefits</u>	<u>Miscellaneous risk pool</u>	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.7%	1.0%-2.5%
Required employee contribution rate	8%	6.75%
Required employer contribution rate	14.194%	7.732%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended December 31, 2022, are presented above, and the total Authority contributions were \$126,649.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2022. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2022, the Authority's proportion was 0.041505%.

For the year ended December 31, 2022, the Authority recognized a pension expenses / (credit) of \$119,808.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 - PENSION PLAN - CONT'D

As of December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 39,001	\$ 26,121
Differences between projected & actual investment earning	355,740	-
Differences between actual & proportionate share of contribution	-	255,830
Effect of change in assumption	199,009	-
Change in employer's proportion	150,659	-
Contributions subsequent to measurement date	<u>67,529</u>	<u>-</u>
	<u>\$ 811,938</u>	<u>\$ 281,951</u>

The deferred outflow of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability next year.

The deferred inflows of resources and outflows of resources will be recognized in pension expenses as follows:

<u>Year ended December 31,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2023	\$ 90,303
2024	94,177
2025	60,394
2026	<u>217,584</u>
Total	<u>\$ 462,458</u>

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2022, measurement period was determined by an actuarial valuation as of June 30, 2021, with updated procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 - PENSION PLAN - CONT'D

Actuarial Methods and Assumptions - Cont'd

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method:	Entry age normal
Experience study	07/01/1997 through 06/30/2015
Discount rate	6.90%
Consumer price index	2.30%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of the fund's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation and best estimates of a long-term expected real rate of return by asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity - cap-weighted	30%	4.45%	4.45%
Global Equity non cap-weighted	12%	3.84%	3.84%
Private Equity	13%	7.28%	7.28%
Treasury	5%	0.27%	0.27%
Mortgage-backed Securities	5%	0.50%	0.50%
Investment Grade Corporates	10%	1.56%	1.56%
High Yield	5%	2.27%	2.27%
Emerging Market Debt	5%	2.48%	2.48%
Private Debt	5%	3.57%	3.57%
Real Estate	15%	3.21%	3.21%
Leverage	-5%	-0.59%	-0.59%

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 - PENSION PLAN - CONT'D

Discount Rate and Changes of Assumptions

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Authority's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease 5.90%	Current Rate 6.90%	1% Increase 7.90%
CalPERS	\$ <u>3,093,861</u>	\$ <u>1,942,094</u>	\$ <u>994,476</u>

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate annual comprehensive financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

NOTE 10 - NET POSITION

As of December 31, 2022, net investment in capital assets was comprised of the following:

Net capital assets	\$ 2,442,065
Less: capital debt obligation	266,844
Net intangible capital assets	12,040
Less: lease liability	12,133
Net investment in capital assets	\$ 2,175,128

As of December 31, 2022, restricted net position was comprised of the following:

Restricted cash and equivalents	\$ 85,637
Less: Tenant security deposit, contra	85,637
Restricted net position	\$ -

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 - INVESTMENT IN DISCRETE COMPONENT UNITS AND JOINT VENTURES

The Authority has equity interests in legally separate entities. The interest in Eureka Housing Associates, LP is 0.01%, and in Eureka Family Housing, LP is 0.01%. As of December 31, 2022, the investment balance consisted of the following:

Eureka Housing Associates, LP	\$ 94,836
Eureka Family Housing, LP	<u>302,525</u>
Total investment in joint ventures	<u><u>\$ 397,361</u></u>

NOTE 12 - JOINT POWERS AGREEMENT

The Authority is a member of the California Housing Workers Compensation Authority (CHWCA), an intergovernmental risk-sharing joint powers authority created pursuant to California Government Code Sections 6500, et seq. Each Authority has an equal voice in the selection of a Board which oversees CHWCA.

The CHWCA's current financial statement as of December 31, 2022, is summarized below:

Total assets	<u>\$ 30,151,074</u>
Total liabilities	15,993,620
Net position	<u>14,157,454</u>
Total liabilities and net position	<u>30,151,074</u>
Total revenues	5,385,976
Total expenses	<u>6,907,586</u>
Change in net position	(1,521,610)
Net position, beginning of year	<u>15,679,064</u>
Net position, end of year	<u><u>\$ 14,157,454</u></u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Government Examinations

The Authority has received funds from Federal grant programs. It is possible that at some future date, it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

Construction Contracts

During the ordinary course of business, the Authority is engaged in various construction contracts for the modernization and rehabilitation of its properties.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14 - BUSINESS RISK AND CONCENTRATIONS

Risk Management

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty, and public official's liability forms are used to cover the respective perils. Insurance for these perils is underwritten by a housing authority insurance pool: Housing Authority Risk Retention Pool (HARRP).

HARRP is an unincorporated association organized under the intergovernmental cooperation laws of the states of Washington, Oregon, California, and Nevada, to manage the self-insurance program of housing authorities and community development cooperatives. Through HARRP, the Authority currently maintains general liability coverage for claims up to \$2 million and property insurance for claims up to \$2 million.

Also, commercial carriers insure all other common perils such as business, auto, flood (where applicable), and other miscellaneous policies.

Concentration - Major Contributor

For the year ended December 31, 2022, approximately 58% of operating revenues reflected in the financial statements are from HUD. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

NOTE 15 - RELATED-PARTY TRANSACTIONS

Note Receivable and Interest

Marine View Terrace (MVT) made a loan in the amount of \$470,000 to Eureka Housing Associates, LP. The term of the loan started on June 18, 1998, and ends on the later of (a) 30 years after the closing date or (b) repayment in full of the loan and all interest due thereon. The loan is secured by a deed of trust and bears interest at a rate of 5.5% per annum. As of December 31, 2022, the outstanding principal balance of the loan was \$470,000. The Interest of \$525,139 was outstanding as of year-end on this loan.

MVT made a loan in the amount of \$1,900,000 to Eureka Family Housing, LP. Interest is to be accrued at a rate of 4.3% per annum. As of December 31, 2022, the outstanding principal balance of the loan was \$1,900,000. The Interest of \$1,685,506 was outstanding as of year-end on this loan.

Management Fee

Eureka Housing Development Corporation (EHDC) receives administrative expenses and an annual partnership management fee of approximately \$7,500 to the extent there is any excess cash flow from Eureka Housing Associates, LP.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 15 - RELATED-PARTY TRANSACTIONS - CONT'D

Due from Partner

EHDC has a receivable in the amount of \$20,000 due from Merritt Community Capital Fund X, LP, the limited partner in Eureka Family Housing, LP. The amount is expected to be collected at the time of the dissolution/disposition of Eureka Family Housing, LP.

Shared Administration

The Authority shares management and a majority of the Authority's resources with the County of Humboldt Housing Authority, including personnel and facilities. However, the Authority maintains a separate governing body and therefore is considered a separate and unique organization for reporting purposes.

Receivable for Facility Rent

The Authority charges the County of Humboldt Housing Authority (County) a rental expense for its usage of the Authority's office facilities. For the year ended December 31, 2022, the Authority recorded office rental revenue of \$7,200, which was paid in full as of year-end. Additionally, the Authority has accrued a receivable of \$55,860 as of year-end in unpaid office rental fees for prior years from the County.

Receivable for Pension Plan

The Authority is fully liable for the pension obligation due to its employees. During FY 2015, the Authority recognized its unfunded pension liability administered by the California Public Employees Retirements System. Due to the Authority's employees being utilized by the County, the Authority has established a long-term note receivable from the County, which is allocated based on the same methodology the Authority allocates salary and benefits expenses to the County. The balance of this receivable was \$582,628 for the year ended December 31, 2022.

Receivable for OPEB Plan

The Authority is fully liable for the OPEB obligation due to its employees. During FY 2018, the Authority recognized its unfunded OPEB liability administered by the California Public Employees Retirements System. Due to the Authority's employees being utilized by the County, the Authority has established a long-term note receivable from the County, which is allocated based on the same methodology the Authority allocates salary and benefits expenses to the County. The balance of this receivable was \$168,317 for the year ended December 31, 2022.

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS

Condensed combining financial statements are presented for the following entities for the fiscal year ends below:

<u>Abbrev.</u>	<u>Name</u>	<u>Fiscal Period</u>	<u>Year</u>
Authority	City of Eureka Housing Authority	31 December	2022
BCU1	Eureka Housing Development Corporation	31 December	2022
DCU1	Eureka Family Housing LP	31 December	2022
DCU2	Eureka Housing Associates LP	31 December	2022

	<u>Authority</u>	<u>BCU1</u>	<u>Eliminations</u>	<u>Total</u>
Assets and deferred outflows of resources				
Intercompany receivable	\$ 69,000	\$ -	\$ (69,000)	\$ -
Cash and equivalents	878,266	6,957	-	885,223
Other current assets	143,033	-	-	143,033
Net capital assets	2,442,065	-	-	2,442,065
Net intangible capital assets	12,040	-	-	12,040
Other assets	<u>5,379,469</u>	<u>586,700</u>	<u>-</u>	<u>5,966,169</u>
Total assets	<u>8,923,873</u>	<u>593,657</u>	<u>(69,000)</u>	<u>9,448,530</u>
Deferred outflows of resources	<u>974,798</u>	<u>-</u>	<u>-</u>	<u>974,798</u>
Total assets and deferred outflows of resources	<u>9,898,671</u>	<u>593,657</u>	<u>(69,000)</u>	<u>10,423,328</u>
Liabilities, deferred Inflows of resources, and net position				
Intercompany payables	-	69,000	(69,000)	-
Other current liabilities	341,523	2,025	-	343,548
Noncurrent liabilities	<u>2,846,567</u>	<u>-</u>	<u>-</u>	<u>2,846,567</u>
Total liabilities	<u>3,188,090</u>	<u>71,025</u>	<u>(69,000)</u>	<u>3,190,115</u>
Deferred inflows of resources	<u>547,133</u>	<u>-</u>	<u>-</u>	<u>547,133</u>
Net investment in capital assets	2,175,128	-	-	2,175,128
Unrestricted	<u>3,988,320</u>	<u>522,632</u>	<u>-</u>	<u>4,510,952</u>
Total net position	<u>6,163,448</u>	<u>522,632</u>	<u>-</u>	<u>6,686,080</u>
Total liabilities, deferred Inflows of resources, and net position	<u>\$ 9,898,671</u>	<u>\$ 593,657</u>	<u>\$ (69,000)</u>	<u>\$ 10,423,328</u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS - CONT'D

	<u>Authority</u>	<u>BCU1</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue	\$ 1,037,867	\$ 7,500	\$ -	\$ 1,045,367
Operating grants and subsidies	1,453,567	-	-	1,453,567
Depreciation expense	(274,014)	-	-	(274,014)
Other operating expenses	<u>(1,862,986)</u>	<u>(2,928)</u>	<u>-</u>	<u>(1,865,914)</u>
Operating Income/ (Loss)	<u>354,434</u>	<u>4,572</u>	<u>-</u>	<u>359,006</u>
Investment income	177,582	-	-	177,582
Interest expenses	<u>(1,478)</u>	<u>-</u>	<u>-</u>	<u>(1,478)</u>
Change in net position	530,538	4,572	-	535,110
Net position, beginning of year	<u>5,632,910</u>	<u>518,060</u>	<u>-</u>	<u>6,150,970</u>
Net position, end of year	<u>\$ 6,163,448</u>	<u>\$ 522,632</u>	<u>\$ -</u>	<u>\$ 6,686,080</u>

	<u>Authority</u>	<u>BCU1</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided (used) by:				
Operating activities	\$ 814,034	\$ (2,869)	\$ -	\$ 811,165
Capital and related financing activities	(541,946)	-	-	(541,946)
Investing activities	<u>(300,380)</u>	<u>-</u>	<u>-</u>	<u>(300,380)</u>
Net change in cash and equivalents	(28,292)	(2,869)	-	(31,161)
Cash and cash equivalents, beginning of year	<u>906,558</u>	<u>9,826</u>	<u>-</u>	<u>916,384</u>
Cash and cash equivalents, end of year	<u>\$ 878,266</u>	<u>\$ 6,957</u>	<u>\$ -</u>	<u>\$ 885,223</u>

**CITY OF EUREKA HOUSING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS - CONT'D

	<u>DCU1</u>	<u>DCU2</u>	<u>Total</u>
Assets and deferred outflows of resources			
Cash and equivalents	\$ 634,546	\$ 181,143	\$ 815,689
Other current assets	50,815	7,089	57,904
Net capital assets	5,356,004	842,253	6,198,257
Other long-term assets	<u>927</u>	<u>-</u>	<u>927</u>
Total assets	<u>6,042,292</u>	<u>1,030,485</u>	<u>7,072,777</u>
Total assets and deferred outflows of resources	<u>6,042,292</u>	<u>1,030,485</u>	<u>7,072,777</u>
Liabilities, deferred inflows of resources, and net position			
Other current liabilities	127,049	47,783	174,832
Noncurrent liabilities	<u>6,030,433</u>	<u>1,735,732</u>	<u>7,766,165</u>
Total liabilities	<u>6,157,482</u>	<u>1,783,515</u>	<u>7,940,997</u>
Net investment in capital assets	1,613,784	(78,573)	1,535,211
Unrestricted	<u>(1,728,974)</u>	<u>(674,457)</u>	<u>(2,403,431)</u>
Total net position	<u>(115,190)</u>	<u>(753,030)</u>	<u>(868,220)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,042,292</u>	<u>\$ 1,030,485</u>	<u>\$ 7,072,777</u>
	<u>DCU1</u>	<u>DCU2</u>	<u>Total</u>
Operating revenue	\$ 672,634	\$ 66,933	\$ 739,567
Operating grants and subsidies	-	111,282	111,282
Depreciation expense	(223,167)	(35,758)	(258,925)
Other operating expenses	<u>(414,686)</u>	<u>(157,162)</u>	<u>(571,848)</u>
Operating income/ (loss)	<u>34,781</u>	<u>(14,705)</u>	<u>20,076</u>
Investment income	4,410	26	4,436
Interest expenses	<u>(228,179)</u>	<u>(44,540)</u>	<u>(272,719)</u>
Change in net position	(188,988)	(59,219)	(248,207)
Net position, beginning of year	<u>73,798</u>	<u>(693,811)</u>	<u>(620,013)</u>
Net position, end of year	<u>\$ (115,190)</u>	<u>\$ (753,030)</u>	<u>\$ (868,220)</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF THE PENSION PLAN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2022
FOR THE LAST TEN FISCAL YEARS*

Plan Measurement Date under GASB 68 as of June 30	Proportion of Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll**	Proportionate Share of Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability***
2015	0.03208%	\$ 873,676	\$ 1,029,046	84.90%	82.12%
2016	0.03308%	\$ 1,112,018	\$ 1,144,322	97.18%	80.03%
2017	0.03468%	\$ 1,320,012	\$ 1,138,020	115.99%	76.42%
2018	0.03548%	\$ 1,289,899	\$ 1,151,936	111.98%	78.48%
2019	0.03575%	\$ 1,431,717	\$ 1,150,942	124.40%	78.37%
2020	0.03752%	\$ 1,582,515	\$ 1,130,167	140.02%	78.05%
2021	0.03906%	\$ 741,765	\$ 1,165,591	63.64%	90.51%
2022	0.04150%	\$ 1,942,094	\$ 1,350,899	143.76%	78.19%

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

**Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

*** The Plan Fiduciary Net Position as a percentage of the Total Pension Liability is the same for all General employers because neither the Plan Fiduciary Net Position nor the Total Pension Liability has been maintained separately for each of those employers. The same is also the case for all Safety employers.

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF THE PENSION PLAN'S CONTRIBUTIONS
AS OF DECEMBER 31, FOR THE LAST TEN FISCAL YEARS***

Plan Measurement Date under GASB 68 as of June 30	Actuarially Determined Contribution	Contribution in Relation to Actuarially Determined Distribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage Covered- Employees Payroll
2015	\$ 188,692	\$ 188,692	\$ -	\$ 1,029,046	18.34%
2016	\$ 174,605	\$ 174,605	\$ -	\$ 1,144,322	15.26%
2017	\$ 122,190	\$ 122,190	\$ -	\$ 1,138,020	10.74%
2018	\$ 117,570	\$ 117,570	\$ -	\$ 1,151,936	10.21%
2019	\$ 115,632	\$ 115,632	\$ -	\$ 1,150,942	10.05%
2020	\$ 118,619	\$ 118,619	\$ -	\$ 1,130,167	10.50%
2021	\$ 117,305	\$ 117,305	\$ -	\$ 1,165,591	10.06%
2022	\$ 126,649	\$ 126,649	\$ -	\$ 1,350,899	9.38%

Notes to Required Supplementary Information Schedules:

Change in benefits: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Change in assumptions: There were no changes in assumptions.

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31, FOR THE LAST TEN FISCAL YEARS*

Measurement Period	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 53,348	\$ 51,400	\$ 33,969	\$ 22,880	\$ 22,268
Interest	15,341	14,453	16,436	12,699	18,153
Benefit payments	(15,444)	(15,444)	(13,769)	(12,672)	(13,172)
Expected minus actual benefit payments	-	-	-	(1,097)	-
Experience (gain)/loss	(48,123)	-	(95,969)	-	-
Change in assumptions	<u>(169,818)</u>	<u>5,083</u>	<u>130,950</u>	<u>111,067</u>	<u>-</u>
Net change in total OPEB liability	(164,696)	55,492	71,617	132,877	27,249
Total OPEB liability - beginning	<u>725,751</u>	<u>670,259</u>	<u>598,642</u>	<u>465,765</u>	<u>438,516</u>
Total OPEB liability - ending	561,055	725,751	670,259	598,642	465,765
Plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 561,055</u>	<u>\$ 725,751</u>	<u>\$ 670,259</u>	<u>\$ 598,642</u>	<u>\$ 465,765</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered- employee payroll	\$1,350,899	\$1,165,591	\$1,130,167	\$1,150,942	\$1,151,936
Total OPEB liability as a percentage of covered payroll	41.53%	62%	59%	52%	40%

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditure</u>
<i>U.S.Department of Housing and Urban Development</i>		
<i>Direct Programs</i>		
Public and Indian Housing	14.850	\$ <u>410,952</u>
Total Public and Indian Housing		<u>410,952</u>
Public Housing Capital Fund	14.872	785,505
Public Housing Capital Fund - ES&S	14.872	<u>250,000</u>
Total Public Housing Capital Fund		<u>1,035,505</u>
Total U.S.Department of Housing and Urban Development		<u>1,446,457</u>
Total expenditures of federal awards		<u>\$ 1,446,457</u>

See the accompanying notes to schedule of expenditures of federal awards.

CITY OF EUREKA HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Authority under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Authority's operations, it is not intended to and does not present the Authority's financial position, changes in net positions, or cash flows.

The amounts presented in the Schedule agree to the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule is presented using the accrual basis of accounting, the method used to prepare the Authority's basic financial statements. Note 2 of the Authority's basic financial statements describes the significant accounting policies used by the Authority. Such expenses are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE 3 - SUBRECIPIENTS

The Authority reported no subrecipient grant activity.

NOTE 4 - INDIRECT COST

The Authority have elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF EUREKA HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL COSTS
DECEMBER 31, 2022**

1. The Actual Costs of the Authority were as follows:

<u>Grant</u>	<u>Funds Approved</u>	<u>Funds Disbursed</u>	<u>Funds Expended</u>	<u>Balance</u>
CA01 P025501-22	\$ 785,505	\$ 785,505	\$ 785,505	\$ -
CA01 E025501-21	\$ 250,000	\$ 250,000	\$ 250,000	\$ -

2. The distribution of costs as shown on the Financial Statement of Costs accompanying the Actual Cost Certificate submitted to HUD for approval, is in agreement with the Authority's records.

3. For the above completed grants, all costs have been paid and all related liabilities have been discharged through payment.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
City of Eureka Housing Authority
Eureka, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component units of City of Eureka Housing Authority (the "Authority") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 01, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
September 01, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Commissioners
City of Eureka Housing Authority
Eureka, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Eureka Housing Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
September 01, 2023

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance in accordance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Guidance 2 CFR 200.516(a)</i> ?	No
Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

Identification of major programs:

<u><i>Federal Assistance Listing Number</i></u>	<u><i>Name of Federal Program or Cluster</i></u>
---	--

14.850	Public and Indian Housing
--------	---------------------------

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**CITY OF EUREKA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2022**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**CITY OF EUREKA HOUSING AUTHORITY
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2022**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>PRIOR YEAR AUDIT FINDINGS</u>	<u>STATUS</u>
2021-001 Procurement, Suspension, and Debarment (Significant Deficiency)	Resolved

HOUSING AUTHORITY OF THE CITY OF EUREKA

RESOLUTION 1990

**TO ACCEPT AGENCY AUDIT REPORTS
FISCAL YEAR ENDING DECEMBER 31, 2022**

WHEREAS, It is a requirement of the United States Department of Housing and Urban Development that the Housing Authority have an independent audit of Compliance and Internal Control Over Financial Reporting based on Audit of Financial Statements Performed in Accordance with Government Audit Standards; and

WHEREAS, It is a requirement of the United States Department of Housing and Urban Development that the Housing Authority have an independent audit of Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133; and

WHEREAS, The Housing Authority has contracted with Harshwal & Company LLP, Certified Public Accountants, to complete the audit; and

WHEREAS, Annual Audit has been completed and the Auditors Report has been submitted to the members of the Board of Commissioners for review and approval; and

WHEREAS, The Commissioners have reviewed the audit report and found it to be substantially correct.

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners of the Housing Authority of the City of Eureka do hereby accept the Audited Financial Statements for the fiscal year ending December 31, 2022.

PASSED AND ADOPTED on the _____ day of _____ 2023 by the following vote:

AYES:
NAYS:
ABSENT
ABSTAIN:

Name

Name

Title

Title

Signature

Signature

Housing Authority of the City of Eureka

Board of Commissioners Meeting

November 20, 2023

Agenda Item 8c

Memorandum

To: Commissioners

From: Cheryl Churchill, Executive Director

Subject: Admissions and Continued Occupancy Policy (ACOP) Update

BACKGROUND AND HISTORY:

The last ACOP revision was done two years ago. In order to incorporate recent HUD changes in regulations, definitions, and policies, we have done a full review and update. Necessary updates have been included in the draft ACOP update to ensure it complies with current federal regulations and reflects our local policies and procedures.

With nearly 500 pages in the ACOP, reviewing it in detail is an onerous task. As such, the attached summary is provided to highlight significant changes in either HUD standard language and policy or local PHA policy.

Link to draft ACOP on our website:

https://eurekahumboldtha.org/wp-content/uploads/2023/07/2023_ACOP_Draft_Clean.pdf

A public hearing was held on August 30, 2023. No comments were received regarding the draft ACOP.

Impact to Personnel:

The redlined version of the ACOP has been provided to personnel to familiarize them with proposed changes. As the majority of changes are in HUD definitions, the impact to policy and handling by personnel is minimal.

Fiscal Impact:

None.

Alternatives:

None; ACOP updates are required in order to be in compliance with HUD requirements.

STAFF RECOMMENDATION:

Staff recommends that the Board approve the updated ACOP for adoption.

Major Changes to the ACOP, Summarized

1. Complaints under the Equal Access Final Rule – this section is entirely new, and specifies that PHAs provide equal access regardless of marital status, gender identity, or sexual orientation. Additionally, the PHA policy details how applicants or tenant families may notify the PHA of a complaint, and how the PHA must respond
Reference: Page 2-7
2. VAWA Complaint Processing – this section is entirely new, and describes how a complainant may timely file a complaint regarding an alleged VAWA violation, and what the PHA policy is regarding handling that complaint.
Reference: Page 2-8
3. EIV System Searches – this section is majorly revised, and describes how the PHA must use the Enterprise Income Verification (EIV) system to search for existing tenants and debts owed. Additionally, this section describes the PHA requirement to review EIV Income and Income Validation Tool (IVT) reports for each new admission.
Reference: Pages 3-19, 3-20
4. Denial of Admission – This section elaborates on use of criminal history to deny admission and advises that a PHA violates the Fair Housing Act when their policy or practice has an unjustified discriminatory effect, even when the PHA had no intention to discriminate.
Reference: Page 3-21
5. Addition of “Human Trafficking” to VAWA language – Though the VAWA 2022 statute does not specifically include human trafficking in the list of victims protected under VAWA, HUD has begun including this as protected under VAWA.
Reference: Page 3-35; updates reflected throughout ACOP.
6. Over-income families – With the implementation of HOTMA Final Rule, public housing over-income families are subject to new rules and rent calculations. See specific policy updates at pages 13-8 through 13-11, with other references incorporated as referenced below.
References: Page 6-58, 6-59, 6-60, 8-1, 9-1, 9-3, 11-2, 11-13, 11-20, 13-1
7. Remote Hearings – This section is entirely new, and explains that lack of technology or inability to use technology may not be a barrier to the grievance process, and alternately, that remote hearings should be available upon request.
References: Page 14-20 through 14-22
8. Tenant Grievance Procedure – The tenant Grievance Procedure is updated to reflect standard language and simplify the procedure details.
References: Page 14-29 through 14-39
9. VAWA Updates – In addition to including human trafficking as part of the list of victims protected under VAWA, HUD has added new VAWA protections, including more description

of what constitutes “domestic violence” as well as the addition of “economic abuse” and “technological abuse” as covered forms of abuse.
References: Page 16-24 through 16-26

See also attached redline only portions of the draft ACOP update and full draft updated version at:
https://eurekaumboldtha.org/wp-content/uploads/2023/07/2023_ACOP_Draft_Clean.pdf

HOUSING AUTHORITY OF THE CITY OF EUREKA

Public Housing Admissions & Continued Occupancy Policy (ACOP)

Housing Authority of the City of Eureka

735 West Everding Street
Eureka, CA 95503

Phone 707.443.4583
Fax 707.443.4762



ADMISSIONS AND CONTINUED OCCUPANCY POLICY
FOR THE
PUBLIC HOUSING PROGRAM

Revision Date	
February 2006	September 2023
October 2006	
June 2007	
September 2008	
September 2009	
August 2010	
July 2021	

Approved by the PHA Board of Commissioners:

Submitted to HUD:

Copyright 2019 by Nan McKay & Associates, Inc.

All rights reserved

Permission to reprint granted only to the Public Housing Authority that has purchased this plan from Nan McKay & Associates, Inc. This document may not be reprinted or distributed to any other person or entity other than the purchasing agency without the express written permission of Nan McKay & Associates, Inc.

Introduction

ABOUT THE ~~MODEL~~ ACOP

~~HOW TO USE THE MODEL ACOP~~

~~The model ACOP includes recommended language for each area in which the PHA has discretion or flexibility to adopt its own policies. To make the editing process easier, the model ACOP contains only **one version** of each policy—generally HUD’s safe harbor policy or the policy that seems to be common to most PHAs. *This means that if the model policy language works for your PHA, no cutting and pasting is required.*~~

~~HUD regulations and other requirements are described in detail in the model ACOP with appropriate citations. They are also summarized in the policy guide as needed to assist in making decisions.~~

~~The Policy Guide and Instructions~~

~~The policy guide is a decision-making tool for PHA policy makers. You can use the guide as a checklist for evaluating your compliance with HUD requirements and for making decisions about local policies. PHA decision points are identified throughout this document with this symbol:~~



~~The policy guide provides recommended language and policy options and explains why the recommended language is used in the model ACOP.~~

- ~~• If you decide to adopt an alternative policy, you may edit or delete the NMA provided language in the model ACOP, cut and paste another option from the policy guide, or develop and type in your own wording.~~

~~Before starting work on the revision, print out the Acrobat PDF files of the model ACOP pages and policy guide for each chapter. Read through the model policy and review the decision points in the policy guide to determine if you want to make any changes to the model ACOP. After you have edited the model ACOP, print out the revised chapter to update your hard copy and, and edit the table of contents (TOC) file if necessary to update the TOC for your ACOP.~~

~~Working with the Computer Files~~

~~On your computer’s desktop or other place on your computer where you keep your documents, set up a folder for the ACOP revision. Copy the files for the policy document and the guide chapters from the zipped folder downloaded from the NMA Revisions site into the ACOP folder you created and use them as your working files. Be sure to keep these files handy for future revisions.~~

~~ABOUT THE MODEL ACOP AND THE PUBLIC HOUSING LEASE~~

~~PHA policy must be consistent with the public housing lease and any policy documents provided to tenants, and the lease and policy documents must comply with federal and state law.~~

~~The model ACOP contains policies that reflect the terms of your public housing lease. Policies on a particular topic may be included in the public housing lease, or may be a separate document incorporated in the lease by reference, such as a pet policy or transfer policy.~~

~~Because of variations in state and local landlord-tenant law, and because HUD affords PHAs wide discretion in some areas, a broad range of policies could be acceptable. Only a few of these compliant policies can be listed in the model ACOP.~~

~~If you are assured that your current board-approved public housing lease or separate policy document is up-to-date and is compliant with HUD requirements and with federal, state, and local laws, then it is neither necessary nor advisable to revise the terms of your lease or policy document to match default policies in the model ACOP. Instead, you should edit the model ACOP to match the terms of your existing public housing lease.~~

REFERENCES CITED IN THE ~~MODEL~~ ACOP

Authority for PHA policies is derived from many sources. Primary among these sources are regulations and guidance issued by HUD. State law also directs PHA policy. State law must be followed where such law exists and does not conflict with federal regulations. In the absence of legal requirements or HUD guidance, industry practice may lead to PHA policy. Finally, the public housing lease will affect PHA policy and therefore must be consistent with federal and state laws and regulations.

HUD

HUD provides the primary source of PHA policy through federal regulations, HUD Notices and handbooks. Compliance with federal regulations, current HUD Notices and HUD handbooks is mandatory.

HUD provides nonmandatory guidance to PHAs through HUD published guidebooks. Expired HUD Notices and handbooks also provide guidance for PHA policy. Following HUD guidance is optional, as long as PHA policies comply with federal law, federal regulations and mandatory policy. Because HUD has already determined that the guidance it provides is consistent with mandatory policies, PHA reliance on HUD guidance provides the PHA with a “safe harbor.”

Content contained on the HUD website can provide further clarification of HUD policies. For example, FAQs on the HUD website can provide direction on the application of federal regulations to a specific pattern.

Providing Information to Families

The PHA must take steps to ensure that families are fully aware of all applicable civil rights laws. As part of the public housing orientation process, the PHA will provide information to public housing applicant families about civil rights requirements.

2-I.C. DISCRIMINATION COMPLAINTS

General Housing Discrimination Complaints

If an applicant or tenant family believes that any family member has been discriminated against by the PHA, the family should advise the PHA. The PHA should make every reasonable attempt to determine whether the applicant or tenant family's assertions have merit and take any warranted corrective action.

In all cases, the PHA will ~~may~~ advise the family that they may ~~to~~ file a fair housing complaint if the family feels they have been discriminated against under the Fair Housing Act.

~~Upon receipt of a housing discrimination complaint, the PHA is required to:~~

- ~~• Provide written notice of the complaint to those alleged and inform the complainant that such notice was made~~
- ~~• Investigate the allegations and provide the complainant and those alleged with findings and either a proposed corrective action or an explanation of why corrective action is not warranted~~
- ~~• Keep records of all complaints, investigations, notices, and corrective actions [Notice PHH 2014-20]~~

PHA Policy

Applicants or tenant families who believe that they have been subject to unlawful discrimination may notify the PHA either orally or in writing.

Within 10 business days of receiving the complaint, the PHA will ~~provide a written notice to those alleged to have violated the rule. The PHA will also send a written notice to the complainant informing them that notice was sent to those alleged to have violated the rule, as well as information on how to complete and submit a housing discrimination complaint form to HUD's Office of Fair Housing and Equal Opportunity (FHEO).~~

The PHA will investigate and attempt to remedy discrimination complaints made against the PHA and will conduct an investigation into all allegations of discrimination. The PHA will also advise the family of their right to file a fair housing complaint with HUD's Office of Fair Housing and Equal Opportunity (FHEO). The fair housing poster, posted in conspicuous and accessible locations in PHA lobbies, will reference how to file a complaint with FHEO.

~~Within 10 business days following the conclusion of the PHA's investigation, the PHA will provide the complainant and those alleged to have violated the rule with findings and either a proposed corrective action plan or an explanation of why corrective action is not warranted.~~

The PHA will keep a record of all complaints, investigations, notices, and corrective

actions. (See Chapter 16.)

Complaints under the Equal Access Final Rule [Notice PIH 2014-20]

Notice PIH 2014-20 requires an articulated complaint process for allegations of discrimination under the Equal Access Final rule. The Equal Access Final Rule requires that PHAs provide equal access regardless of marital status, gender identity, or sexual orientation. The PHA will be informed on these obligations by the HUD Field Office or FHEO when an Equal Access complaint investigation begins.

PHA Policy

Applicants or tenant families who believe that they have been subject to unlawful discrimination based on marital status, gender identity, or sexual orientation under the Equal Access Rule may notify the PHA either orally or in writing.

Within 10 business days of receiving the complaint, the PHA will provide a written notice to those alleged to have violated the rule. The PHA will also send a written notice to the complainant informing them that notice was sent to those alleged to have violated the rule, as well as information on how to complete and submit a housing discrimination complaint form to HUD's Office of Fair Housing and Equal Opportunity (FHEO).

The PHA will attempt to remedy discrimination complaints made against the PHA and will conduct an investigation into all allegations of discrimination.

Within 10 business days following the conclusion of the PHA's investigation, the PHA will provide the complainant and those alleged to have violated the rule with findings and either a proposed corrective action plan or an explanation of why corrective action is not warranted.

The PHA will keep a record of all complaints, investigations, notices, and corrective actions. (See Chapter 16.)

VAWA Complaint Processing [Notice FHEO 2023-01]

A complainant may, not later than one year after an alleged VAWA violation has occurred or terminated, file a complaint with FHEO alleging such violation. If there is a violation that began prior to a year before the complaint is filed, but it continues into the one-year time period, HUD will accept the complaint. FHEO will investigate the complaint if it is timely and FHEO otherwise has jurisdiction. If a complaint is filed more than one year after the alleged violation occurred or terminated, FHEO may, but is not required to, investigate the allegations under the additional authority and procedures described in FHEO 2023-01.

Complaints do not need to allege a violation of the Fair Housing Act for FHEO to accept and investigate the complaint.

PHA Policy

Applicants or tenant families who wish to file a VAWA complaint against the PHA may notify the PHA either orally or in writing.

The PHA will advise the family of their right to file a VAWA complaint with HUD's Office of Fair Housing and Equal Opportunity (FHEO). The PHA will inform the family that not later than one year after an alleged VAWA violation has occurred or terminated, applicants and tenants who believe they have been injured by a VAWA violation or will be injured by such a violation that is about to occur may file a VAWA complaint using FHEO's online complaint form via mail, email, or telephone.

The PHA will attempt to remedy complaints made against the PHA and will conduct an investigation into all allegations of discrimination.

The PHA will keep a record of all complaints, investigations, notices, and corrective actions. (See Chapter 16.)

3-II.E. EIV SYSTEM SEARCHES [Notice PIH 2018-18; EIV FAQs; EIV System Training 9/30/20]

Existing Tenant Search

Prior to admission to the program, the PHA must search for all household members using the EIV Existing Tenant Search module. The PHA must review the reports for any SSA matches involving another PHA or a multifamily entity and follow up on any issues identified. The PHA must provide the family with a copy of the Existing Tenant Search results if requested. At no time may any family member receive duplicative assistance.

If the tenant is a new admission to the PHA, and a match is identified at a multifamily property, the PHA must report the program admission date to the multifamily property and document the notification in the tenant file. The family must provide documentation of move-out from the assisted unit, as applicable.

PHA Policy

The PHA will contact the PHA or owner identified in the report to confirm that the family has moved out of the unit and obtain documentation of current tenancy status, including a form HUD-50058 or 50059, as applicable, showing an end of participation. The PHA will only approve assistance contingent upon the move-out from the currently occupied assisted unit.

Debts Owed to PHAs and Terminations

All adult household members must sign the form HUD-52675, Debts Owed to Public Housing and Terminations. Prior to admission to the program, the PHA must search for each adult family member in the Debts Owed to PHAs and Terminations module.

If a current or former tenant disputes the information in the module, the tenant should contact the PHA directly in writing to dispute the information and provide any documentation that supports the dispute. If the PHA determines that the disputed information is incorrect, the PHA will update or delete the record from EIV. Former tenants may dispute debt and termination information for a period of up to three years from the end of participation date in the program.

PHA Policy

The PHA will require each adult household member to sign the form HUD-52675 once at the eligibility determination. Any new members added to the household after admission will be required to sign the form HUD-52675 prior to being added to the household.

The PHA will search the Debts Owed to PHAs and Terminations module as part of the eligibility determination for new households and as part of the screening process for any household members added after the household is admitted to the program. If any information on debts or terminations is returned by the search, the PHA will determine if this information warrants a denial in accordance with the policies in Part III of this chapter.

Income and Income Validation Tool (IVT) Reports

For each new admission, the PHA is required to review the EIV Income and IVT Reports to confirm and validate family reported income within 120 days of the IMS/PIC submission date of the new admission. The PHA must print and maintain copies of the EIV Income and IVT reports in the tenant file and resolve any discrepancies with the family within 60 days of the EIV Income or IVT report dates.

PART III: DENIAL OF ADMISSION

3-III.A. OVERVIEW

A family that does not meet the eligibility criteria discussed in Parts I and II must be denied admission.

In addition, HUD requires or permits the PHA to deny admission based on certain types of current or past behaviors of family members as discussed in this part. The PHA's authority in this area is limited by the Violence against Women Act ~~of 2013~~ (VAWA), which ~~expressly~~ prohibits the denial of admission to an otherwise qualified applicant on the basis or as a direct result of the fact that the applicant is or has been the victim of domestic violence, dating violence, sexual assault, ~~or~~ stalking, or human trafficking [see 24 CFR 5.2005(b)].

While the regulations state that the PHA must prohibit admission for certain types of criminal activity and give the PHA the option to deny for other types of previous criminal history, more recent HUD rules and OGC guidance must also be taken into consideration when determining whether a particular individual's criminal history merits denial of admission.

When considering any denial of admission, PHAs may not use arrest records as the basis for the denial. Further, HUD does not require the adoption of "One Strike" policies and reminds PHAs of their obligation to safeguard the due process rights of applicants and tenants [Notice PIH 2015-19].

HUD's Office of General Counsel issued a memo on April 4, 2016, regarding the application of Fair Housing Act standards to the use of criminal records. This memo states that a PHA violates the Fair Housing Act when their policy or practice has an unjustified discriminatory effect, even when the PHA had no intention to discriminate. Where a policy or practice that restricts admission based on criminal history has a disparate impact on a particular race, national origin, or other protected class, that policy or practice is in violation of the Fair Housing Act if it is not necessary to serve a substantial, legitimate, nondiscriminatory interest of the PHA, or if that interest could be served by another practice that has a less discriminatory effect [OGC Memo 4/4/16].

PHAs who impose blanket prohibitions on any person with any conviction record, no matter when the conviction occurred, what the underlying conduct entailed, or what the convicted person has done since then will be unable to show that such policy or practice is necessary to achieve a substantial, legitimate, nondiscriminatory interest. Even a PHA with a more tailored policy or practice that excludes individuals with only certain types of convictions must still prove that its policy is necessary. To do this, the PHA must show that its policy accurately distinguishes between criminal conduct that indicates a demonstrable risk to resident safety and property and criminal conduct that does not.

3-III.F. PROHIBITION AGAINST DENIAL OF ASSISTANCE TO VICTIMS OF DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, ~~OR~~ STALKING, AND HUMAN TRAFFICKING

The Violence against Women Act ~~of 2013~~ (VAWA) and the HUD regulation at 24 CFR 5.2005(b) prohibit PHAs from denying admission to an otherwise qualified applicant on the basis or as a direct result of the fact that the applicant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking.

- Although the VAWA 2022 statute does not specifically include human trafficking in the list of victims protected under VAWA, in 2022 HUD began including human trafficking as part of the list of victims protected under VAWA (as seen in Notices PIH 2022-06, PIH 2022-22, and PIH 2022-24). In the absence of a final rule implementing VAWA 2022 and to mirror HUD's recent usage, this policy includes human trafficking in addition to domestic violence, dating violence, sexual assault, and stalking anywhere such a list appears.

Definitions of key terms used in VAWA are provided in section 16-VII of this ACOP, where general VAWA requirements and policies pertaining to notification, documentation, and confidentiality are also located.

Notification

VAWA ~~2013 expanded notification requirements~~ requires PHAs ~~to include the obligation for PHAs~~ to provide applicants who are denied assistance with a VAWA Notice of Occupancy Rights (form HUD-5380) and a domestic violence certification form (HUD-5382) at the time the applicant is denied.

PHA Policy

The PHA acknowledges that a victim of domestic violence, dating violence, sexual assault, ~~or~~ stalking, or human trafficking may have an unfavorable history (e.g., a poor credit history, poor rental history, a record of previous damage to an apartment, a prior arrest record) due to adverse factors that would warrant denial under the PHA's policies.

While the PHA is not required to identify whether adverse factors that resulted in the applicant's denial are a result of domestic violence, dating violence, sexual assault, ~~or~~ stalking, or human trafficking, the applicant may inform the PHA that their status as a victim is directly related to the grounds for the denial. The PHA will request that the applicant provide enough information to the PHA to allow the PHA to make an objectively reasonable determination, based on all circumstances, whether the adverse factor is a direct result of their status as a victim.

The PHA will include in its notice of denial information about the protection against denial provided by VAWA in accordance with section 16-VII.C of this ACOP, a notice of VAWA rights, and a copy of the form HUD-5382. The PHA will request in writing that an applicant wishing to claim this protection notify the PHA within 14 business days.

PART III: CALCULATING RENT

6-III.A. OVERVIEW OF INCOME-BASED RENT CALCULATIONS

The first step in calculating income-based rent is to determine each family's total tenant payment (TTP). Then, if the family is occupying a unit that has tenant-paid utilities, the utility allowance is subtracted from the TTP. The result of this calculation, if a positive number, is the tenant rent. If the TTP is less than the utility allowance, the result of this calculation is a negative number, and is called the utility reimbursement, which may be paid to the family or directly to the utility company by the PHA.

TTP Formula [24 CFR 5.628]

HUD regulations specify the formula for calculating the total tenant payment (TTP) for a tenant family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in Part I, divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent between \$0 and \$50 that is established by the PHA
- [The alternative non-public housing rent, as determined in accordance with 24 CFR 960.102](#)

The PHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in section 6-III.B.

Welfare Rent [24 CFR 5.628]

PHA Policy

Welfare rent does not apply in this locality.

Minimum Rent [24 CFR 5.630]

PHA Policy

The minimum rent for this locality is \$50.

No Financial Hardship

If the PHA determines there is no financial hardship, the PHA will reinstate the minimum rent and require the family to repay the amounts suspended.

For procedures pertaining to grievance hearing requests based upon the PHA's denial of a hardship exemption, see Chapter 14, Grievances and Appeals.

PHA Policy

The PHA will require the family to repay the suspended amount within 30 calendar days of the PHA's notice that a hardship exemption has not been granted.

Temporary Hardship

If the PHA determines that a qualifying financial hardship is temporary, the PHA must suspend the minimum rent for the 90-day period beginning the first of the month following the date of the family's request for a hardship exemption.

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay the PHA the amounts suspended. HUD requires the PHA to offer a reasonable repayment agreement, on terms and conditions established by the PHA. The PHA also may determine that circumstances have changed and the hardship is now a long-term hardship. ~~If the PHA determines that a qualifying financial hardship is temporary, the PHA must reinstate the minimum rent from the beginning of the first of the month following the date of the family's request for a hardship exemption.~~

~~The family must resume payment of the minimum rent and must repay the PHA the amounts suspended. HUD requires the PHA to offer a reasonable repayment agreement, on terms and conditions established by the PHA. The PHA also may determine that circumstances have changed and the hardship is now a long-term hardship.~~

For procedures pertaining to grievance hearing requests based upon the PHA's denial of a hardship exemption, see Chapter 14, Grievances and Appeals.

PHA Policy

The PHA will enter into a repayment agreement in accordance with the PHA's repayment agreement policy (see Chapter 16).

6-III.D. PRORATED RENT FOR MIXED FAMILIES [24 CFR 5.520]

HUD regulations prohibit assistance to ineligible family members. A *mixed family* is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible family members. Except for non-public housing over income families, ~~t~~The PHA must prorate the assistance provided to a mixed family. The PHA will first determine TTP as if all family members were eligible and then prorate the rent based upon the number of family members that actually are eligible. To do this, the PHA must:

- (1) Subtract the TTP from the flat rent applicable to the unit. The result is the maximum subsidy for which the family could qualify if all members were eligible.
- (2) Divide the family maximum subsidy by the number of persons in the family to determine the maximum subsidy per each family member who is eligible (member maximum subsidy).
- (3) Multiply the member maximum subsidy by the number of eligible family members.
- (4) Subtract the subsidy calculated in the last step from the flat rent. This is the prorated TTP.
- (5) Subtract the utility allowance for the unit from the prorated TTP. This is the prorated rent for the mixed family.

PHA Policy

Revised public housing flat rents will be applied to a mixed family's rent calculation at the first annual reexamination after the revision is adopted.

- (6) When the mixed family's TTP is greater than the applicable flat rent, use the TTP as the prorated TTP. The prorated TTP minus the utility allowance is the prorated rent for the mixed family.

6-III.E. FLAT RENTS AND FAMILY CHOICE IN RENTS [24 CFR 960.253]

Flat Rents [24 CFR 960.253(b)]

The flat rent is designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families who are attempting to become economically self-sufficient.

Changes in family income, expenses, or composition will not affect the flat rent amount because it is outside the income-based formula.

Policies related to the reexamination of families paying flat rent are contained in Chapter 9, and policies related to the establishment and review of flat rents are contained in Chapter 16.

Family Choice in Rents [24 CFR 960.253(a) and (e)]

With the exception of non-public housing over income families, Once each year, the PHA must offer families the choice between a flat rent and an income-based rent. The family may not be offered this choice more than once a year. The PHA must document that flat rents were offered to families under the methods used to determine flat rents for the PHA.

PHA Policy

The annual PHA offer to a family of the choice between flat and income-based rent will be conducted upon admission and upon each subsequent annual reexamination.

The PHA will require families to submit their choice of flat or income-based rent in writing and will maintain such requests in the tenant file as part of the admission or annual reexamination process.

The PHA must provide sufficient information for families to make an informed choice. This information must include the PHA's policy on switching from flat rent to income-based rent due to financial hardship and the dollar amount of the rent under each option. However, if the family chose the flat rent for the previous year the PHA is required to provide an income-based rent amount only in the year that a reexamination of income is conducted or if the family specifically requests it and submits updated income information.

Switching from Flat Rent to Income-Based Rent Due to Hardship [24 CFR 960.253(f)]

With the exception of non-public housing over-income families, a family can opt to switch from flat rent to income-based rent at any time if they are unable to pay the flat rent due to financial hardship. If the PHA determines that a financial hardship exists, the PHA must immediately allow the family to switch from flat rent to the income-based rent.

PHA Policy

Upon determination by the PHA that a financial hardship exists, the PHA will allow a family to switch from flat rent to income-based rent effective the first of the month following the family's request.

Reasons for financial hardship include:

- The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance
- The family has experienced an increase in expenses, because of changed circumstances, for medical costs, child care, transportation, education, or similar items
- Such other situations determined by the PHA to be appropriate

PHA Policy

The PHA considers payment of flat rent to be a financial hardship whenever the switch to income-based rent would be lower than the flat rent [PH Occ GB, p. 137].

Flat Rents and Earned Income Disallowance [A&O FAQs]

Because the EID is a function of income-based rents, a family paying flat rent cannot qualify for the EID even if a family member experiences an event that would qualify the family for the EID. If the family later chooses to pay income-based rent, they would only qualify for the EID if a new qualifying event occurred.

Under the EID original calculation method, a family currently paying flat rent that previously qualified for the EID while paying income-based rent and is currently within their exclusion period would have the exclusion period continue while paying flat rent as long as the employment that is the subject of the exclusion continues. A family paying flat rent could therefore see a family member's exclusion period expire while the family is paying flat rent.

Under the EID revised calculation method, a family currently paying flat rent that previously qualified for the EID while paying income-based rent and is currently within their exclusion period would have the exclusion period continue while paying flat rent regardless of whether the employment that is the subject of the exclusion continues. A family paying flat rent could therefore see a family member's exclusion period expire while the family is paying flat rent.

7-IV.C. DISABILITY ASSISTANCE EXPENSES

Policies related to disability assistance expenses are found in 6-II.E. The amount of the deduction will be verified following the standard verification procedures described in Part I.

Amount of Expense

Attendant Care

PHA Policy

~~The PHA will accept written third-party documents provided by the family.~~

~~If family provided documents are not available, the PHA will provide a third-party verification form directly to the care provider requesting the needed information.~~

Expenses for attendant care will be verified through:

Written third-party documents provided by the family, such as receipts or cancelled checks.

Third-party verification form signed by the provider, if family-provided documents are not available.

If third-party verification is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months.

Auxiliary Apparatus

PHA Policy

Expenses for auxiliary apparatus will be verified through:

Written third-party documents provided by the family, such as billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months.

Third-party verification form signed by the provider, if family-provided documents are not available.

If third-party or document review is not possible, written family certification of estimated apparatus costs for the upcoming 12 months.

In addition, the PHA must verify that:

- The family member for whom the expense is incurred is a person with disabilities (as described in 7-II.F above).
- The expense permits a family member, or members, to work (as described in 6-II.E.).
- The expense is not reimbursed from another source (as described in 6-II.E.).

Family Member is a Person with Disabilities

To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. The PHA will verify that the expense is incurred for a person with disabilities (See 7-II.F.).

Chapter 8

LEASING AND INSPECTIONS

[24 CFR 5, Subpart G; 24 CFR 966, Subpart A]

INTRODUCTION

Public housing leases are the contractual basis of the legal relationship between the PHA and the tenant. All units must be occupied pursuant to a dwelling lease agreement that complies with HUD regulations.

HUD regulations require the PHA to inspect each dwelling unit prior to move-in, at move-out, and annually during the period of occupancy. In addition, the PHA may conduct additional inspections in accordance with PHA policy.

This chapter is divided into two parts as follows:

Part I: Leasing. This part describes pre-leasing activities and the PHA's policies pertaining to lease execution, lease modification, and payments under the lease.

Part II: Inspections. This part describes the PHA's policies for inspecting dwelling units.

PART I: LEASING

8-I.A. OVERVIEW

An eligible family may occupy a public housing dwelling unit under the terms of a lease. The lease must meet all regulatory requirements, and must also comply with applicable state and local laws and codes.

The term of the lease must be for a period of 12 months. The lease must be renewed automatically for another 12-month term, except that the PHA may not renew the lease if the family has violated the community service requirement [and if the family is determined to be over income for 24 consecutive months](#) [24 CFR 966.4(a)(2)].

PHAs must adopt smoke-free policies, which ~~must be implemented~~ [HUD required to be implemented](#) no later than July 30, 2018. The policy is attached as Exhibit 8-1.

PHAs must include in the ACOP residential minimum heating standards policies [Notice PIH 2018-19]. The policy is included in Part I of this chapter.

Part I of this chapter contains regulatory information on leasing, where applicable, as well as the PHA's leasing policies.

[For policies on lease requirements for families whose incomes have exceeded the over-income limit for 24 consecutive months, see 13-III.C., Over-Income Families.](#)

- No person shall dispose of smoking waste or tobacco waste within the boundaries of an area in which smoking is prohibited;
- No person shall place or cause to be placed any ashtray, tobacco ash collector or receptacle in any area designated a smoke-free area;
- Multi-unit housing common areas both indoors and outdoors or patios and decks.

4. Eureka Housing Authority Not a Guarantor of Smoke Free Environment: Resident acknowledges that Eureka Housing Authority’s adoption of a smoke-free living environment, and the efforts to designate the rental complex as smoke free, do not make the Eureka Housing Authority the guarantor of Resident’s health or of the smoke-free condition of the Resident’s unit and the common areas. However, Eureka Housing Authority shall take reasonable steps to enforce the smoke-free terms of its Lease/House Rules and to make the complex smoke-free.

5. Effect of Breach and Right to Terminate Lease: A breach of Addendum H shall give each party all the rights contained herein, as well as the rights provided for in the Lease. A material breach of this Addendum by the Resident shall be a material breach of the Lease and grounds for immediate termination of the Lease by Eureka Housing Authority.

Eureka Housing Authority acknowledges that in declaring this unit to be smoke-free, the failure to respond by Eureka Housing Authority to a complaint filed by a Resident shall be treated as equivalent to failure to respond to a request for maintenance.

6. Disclaimer by Eureka Housing Authority: Resident acknowledges that Eureka Housing Authority’s adoption of a smoke-free living environment, and the efforts to designate the rental unit as smoke-free, does not in any way change the standard care that Eureka Housing Authority would have to a resident household to render buildings and premises designated as smoke-free any safer, more habitable, or improved in terms of air quality standards than any other rental premises. Eureka Housing Authority specifically disclaims any implied or express warranties that the building, common areas, or Resident premises will have any higher or improved air quality standards than any other rental property. Eureka Housing Authority cannot and does not warranty or promise that the rental premises or common areas will be free from second hand smoke. Resident acknowledges that Eureka Housing Authority’s ability to police, monitor, or enforce the agreements of Addendum H is dependent in significant part on voluntary compliance by Resident and Resident’s guests. Residents with respiratory ailments, allergies, or any other physical or mental condition relating to smoke are put on notice that Eureka Housing Authority does not assume any higher duty of care to enforce this Lease Addendum than any other Eureka Housing Authority obligation under the Lease.

Effective Date

The smoke-free policy ~~will be~~ effective for all residents, household members, employees, guests, and service persons ~~on as of~~ July 1, 2016 ~~ON OR BEFORE JULY 30, 2018).~~

Chapter 9

REEXAMINATIONS

[24 CFR 960.257, 960.259, 966.4]

INTRODUCTION

With the exception of non-public housing over income families, The PHA is required to reexamine each family's income and composition periodically, and to adjust the family's rent accordingly. PHAs must adopt policies for conducting annual and interim reexaminations that are consistent with regulatory requirements and must conduct reexaminations in accordance with such policies [24 CFR 960.257(c)].

The frequency with which the PHA must reexamine the income and composition of a family depends on whether the family pays income-based rent or flat rent. HUD requires the PHA to offer all families the choice of paying income-based rent or flat rent at least annually. The PHA's policies for offering families a choice of rents are located in Chapter 6.

This chapter discusses both annual and interim reexaminations.

Part I: Annual Reexaminations for Families Paying Income Based Rents. This part discusses the requirements for annual reexamination of income and family composition. Full reexaminations are conducted at least once a year for families paying income-based rents.

Part II: Reexaminations for Families Paying Flat Rents. This part contains the PHA's policies for conducting full reexaminations of family income and composition for families paying flat rents. These full reexaminations are conducted at least once every three years. This part also contains the PHA's policies for conducting annual updates of family composition for flat rent families.

Part III: Interim Reexaminations. This part includes HUD requirements and PHA policies related to when a family may and must report changes that occur between annual reexaminations.

Part IV: Recalculating Tenant Rent. After gathering and verifying required information for an annual or interim reexamination, the PHA must recalculate the tenant rent. While the basic policies that govern these calculations are provided in Chapter 6, this part describes the policies that affect these calculations during a reexamination.

Policies governing reasonable accommodation, family privacy, required family cooperation, and program abuse, as described elsewhere in this ACOP, apply to annual and interim reexaminations.

PART I: ANNUAL REEXAMINATIONS FOR FAMILIES PAYING INCOME-BASED RENTS [24 CFR 960.257]

9-I.A. OVERVIEW

For those families who choose to pay income-based rent, the PHA must conduct a reexamination of income and family composition at least annually [24 CFR 960.257(a)(1)]. For families who choose flat rents, the PHA must conduct a reexamination of family composition at least annually and must conduct a reexamination of family income at least once every ~~three~~3 years [24 CFR 960.257(a)(2)]. For any non-public housing over income families, the PHA may not conduct an annual reexamination of family income. Policies related to the reexamination process for families paying flat rent are located in Part II of this chapter.

For all residents of public housing, whether those residents are paying income-based or flat rents, the PHA must conduct an annual review of community service requirement compliance. This annual reexamination is also a good time to have residents sign consent forms for criminal background checks in case the criminal history of a resident is needed at some point for the purposes of lease enforcement or eviction.

The PHA is required to obtain all of the information necessary to conduct reexaminations. How that information will be collected is left to the discretion of the PHA. Families are required to provide current and accurate information on income, assets, allowances and deductions, family composition and community service compliance as part of the reexamination process [24 CFR 960.259].

This part contains the PHA's policies for conducting annual reexaminations.

PART II: REEXAMINATIONS FOR FAMILIES PAYING FLAT RENTS
[24 CFR 960.253(f)(2)]

9-II.A. OVERVIEW

HUD requires that the PHA offer all families the choice of paying income-based rent or flat rent at least annually. The PHA's policies for offering families a choice of rents are located in Chapter 6.

For families who choose flat rents, the PHA must conduct a reexamination of family composition at least annually and must conduct a reexamination of family income at least once every ~~three~~3 years [24 CFR 960.257(a)(2)]. ~~3(f)~~The PHA is only required to provide the amount of income-based rent the family might pay in those years that the PHA conducts a full reexamination of income and family composition, or upon request of the family after the family submits updated income information [24 CFR 960.253(e)(2)].

As it does for families that pay income-based rent, the PHA must also review compliance with the community service requirement for families with nonexempt individuals.

This part contains the PHA's policies for conducting reexaminations of families who choose to pay flat rents.

9-II.B. FULL REEXAMINATION OF FAMILY INCOME AND COMPOSITION

Frequency of Reexamination

PHA Policy

For families paying flat rents, the PHA will conduct a full reexamination of family income and composition once every ~~three~~3 years.

Reexamination Policies

PHA Policy

In conducting full reexaminations for families paying flat rents, the PHA will follow the policies used for the annual reexamination of families paying income-based rent as set forth in Sections 9-I.B through 9-I.D above.

11-I.B. REQUIREMENTS

Each adult resident of the PHA, who is not exempt, must [24 CFR 960.603(a)]:

- Contribute 8 hours per month of community service; or
- Participate in an economic self-sufficiency program (as defined in the regulations) for 8 hours per month; or
- Perform 8 hours per month of combined activities (community service and economic self-sufficiency programs).
- The required community service or self-sufficiency activity may be completed 8 hours each month or may be aggregated across a year. Any blocking of hours is acceptable as long as 96 hours is completed by each annual certification of compliance [Notice PIH 2015-12].

Definitions

Exempt Individual [24 CFR 960.601(b), Notice PIH 2015-12]

An *exempt individual* is an adult who:

- Is age 62 years or older
- Is blind or disabled (as defined under section 216[i][1] or 1614 of the Social Security Act), and who certifies that because of this disability s/he is unable to comply with the service provisions
- Is a primary caretaker of such an individual
- Is engaged in work activities

PHA Policy

The PHA will consider 20 hours per week as the minimum number of hours needed to qualify for a work activity exemption.

- Is able to meet requirements of being exempted under a state program funded under part A of title IV of the Social Security Act, or under any other welfare program of the state in which the PHA is located, including a state-administered welfare-to-work program
 - This exemption applies to anyone whose characteristics or family situation meet the welfare agency exemption criteria and can be verified.
- Is a member of a family receiving assistance, benefits, or services under a state program funded under part A of title IV of the Social Security Act, or under any other welfare program of the state in which the PHA is located, including a state-administered welfare-to-work program and the supplemental nutrition assistance program (SNAP), and has not been found by the state or other administering entity to be in noncompliance with such program.
- [Is a member of a non-public housing over-income family.](#)

11-I.E. NONCOMPLIANCE

Noncompliant Residents

The lease specifies that it is renewed automatically for all purposes, unless the family fails to comply with the community service requirement and families determined to be over-income for 24 consecutive months. Violation of the service requirement is grounds for nonrenewal of the lease at the end of the twelve month lease term, but not for termination of tenancy during the course of the twelve month lease term [24 CFR 960.603(b)].

PHAs may not evict a family due to CSSR noncompliance. However, if PHA finds a tenant is noncompliant with CSSR, the PHA must provide written notification to the tenant of the noncompliance which must include:

- A brief description of the finding of non-compliance with CSSR.
- A statement that the PHA will not renew the lease at the end of the current 12-month lease term unless the tenant enters into a written work-out agreement with the PHA or the family provides written assurance that is satisfactory to the PHA explaining that the tenant or other noncompliant resident no longer resides in the unit. Such written work-out agreement must include the means through which a noncompliant family member will comply with the CSSR requirement [24 CFR 960.607(c), Notice PIH 2015-12].

The notice must also state that the tenant may request a grievance hearing on the PHA's determination, in accordance with the PHA's grievance procedures, and that the tenant may exercise any available judicial remedy to seek timely redress for the PHA's nonrenewal of the lease because of the PHA's determination.

Self-Sufficiency Activities – self-sufficiency activities include, but are not limited to:

- Job readiness or job training
- Training programs through local one-stop career centers, workforce investment boards (local entities administered through the U.S. Department of Labor), or other training providers
- Employment counseling, work placement, or basic skills training
- Education, including higher education (junior college or college), or reading, financial, or computer literacy classes
- Apprenticeships (formal or informal)
- English proficiency or English as a second language classes
- Budgeting and credit counseling
- Any other program necessary to ready a participant to work (such as substance abuse or mental health counseling)

Exempt Adult – an adult member of the family who meets any of the following criteria:

- Is 62 years of age or older
- Is blind or a person with disabilities (as defined under section 216[i][1] or 1614 of the Social Security Act), and who certifies that because of this disability they are unable to comply with the service provisions, or is the primary caretaker of such an individual
- Is engaged in *work activities*
- Is able to meet requirements under a state program funded under part A of title IV of the Social Security Act, or under any other welfare program of the state in which the PHA is located, including a state-administered welfare-to-work program; or
- Is a member of a family receiving assistance, benefits, or services under a state program funded under part A of title IV of the Social Security Act, or under any other welfare program of the state in which the PHA is located, including a state-administered welfare-to-work program and the supplemental nutrition assistance program (SNAP), and has not been found by the state or other administering entity to be in noncompliance with such program
- [Is a member of a non-public housing over-income family.](#)

PHAs can use reasonable guidelines in clarifying the work activities in coordination with TANF, as appropriate.

Chapter 13

LEASE TERMINATIONS

INTRODUCTION

Either party to the dwelling lease agreement may terminate the lease in accordance with the terms of the lease. A public housing lease is different from a private dwelling lease in that the family's rental assistance is tied to their tenancy. When the family moves from their public housing unit, they lose their rental assistance. Therefore, there are additional safeguards to protect the family's tenancy in public housing.

Likewise, there are safeguards to protect HUD's interest in the public housing program. The PHA has the authority to terminate the lease because of the family's failure to comply with HUD regulations, for serious or repeated violations of the terms of the lease, and for other good cause. HUD regulations also specify when termination of the lease is mandatory by the PHA.

When determining PHA policy on terminations of the lease, the PHA must consider state and local landlord-tenant laws in the area where the PHA is located. Such laws vary from one location to another, and these variances may be either more or less restrictive than federal law or HUD regulation.

This chapter presents the policies that govern voluntary termination of the lease by the family and the mandatory and voluntary termination of the lease by the PHA. It is presented in four parts:

Part I: Termination by Tenant. This part discusses the PHA requirements for voluntary termination of the lease by the family.

Part II: Termination by PHA - Mandatory. This part describes circumstances when termination of the lease by the PHA is mandatory. This part also explains nonrenewal of the lease for noncompliance with community service requirements [and families that have been over the income limit for 24 consecutive months](#).

Part III: Termination by PHA – Other Authorized Reasons. This part describes the PHA's options for lease termination that are not mandated by HUD regulation but for which HUD authorizes PHAs to terminate. For some of these options HUD requires the PHA to establish policies and lease provisions for termination, but termination is not mandatory. For other options the PHA has full discretion whether to consider the options as just cause to terminate as long as the PHA policies are reasonable, nondiscriminatory, and do not violate state or local landlord-tenant law. This part also discusses the alternatives that the PHA may consider in lieu of termination, and the criteria the PHA will use when deciding what actions to take.

Part IV: Notification Requirements. This part presents the federal requirements for disclosure of criminal records to the family prior to termination, the HUD requirements and PHA policies regarding the timing and content of written notices for lease termination and eviction, and notification of the post office when eviction is due to criminal activity. This part also discusses record keeping related to lease termination.

13-II.J. OVER INCOME FAMILIES [24 CFR 960.507; FR Notice 7/26/18; Notice PIH 2019-11; FR Notice 2/14/23]

In the public housing program, an *over-income family* is defined as a family whose income exceeds the over-income limit for 24 consecutive months. When this occurs, the PHA must either:

- Terminate the family’s tenancy within six months of the PHA’s final notification of the end of the 24-month grace period; or
- Within 60 days of the PHA’s final notification of the end of the 24-month grace period or the next lease renewal (whichever is sooner), have the family execute a new lease that is consistent with 24 CFR 960.509 and charge the family a monthly rent that is the higher of the applicable fair market rent (FMR) or the amount of monthly subsidy for the unit, including amounts from the operating and capital funds.

The PHA must establish a continued occupancy policy for over-income families in the ACOP indicating which of the above will occur.

PHA Policy

For families whose income exceeds the over-income limit for 24 consecutive months, the PHA will terminate the tenancy of the family no more than six months after the final notification of the family’s over-income status in accordance with the continued occupancy policies below.

Over-Income Limit [Notice PIH 2019-11]

The PHA must publish over-income limits in their ACOP and update them no later than 60 days after HUD publishes new income limits each year. The over-income limit is calculated by multiplying the very low-income limit (VLI) by 2.4, as adjusted for family size.

PHA Policy

The PHA will rely on the following over-income limits for calendar year 2023. These numbers will be updated within 60 days of HUD publishing new income limits each year, and will be posted to the Housing Authority’s website, and will be effective for all annual and interim reexaminations once these policies have been adopted.

<u>Family Size</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
<u>Over-Income Limit</u>	69,360	79,200	89,160	99,000	106,920	114,840	122,760	130,680

For families larger than eight persons, the over-income limit will be calculated by multiplying the applicable very low-income limit by 2.4.

Decreases in Income [24 CFR 960.507(c)(4)]

If, at any time during the consecutive 24-month period following the initial over-income determination, the PHA determines that the family's income is below the over-income limit, the PHA's over-income policies no longer apply to the family. If the PHA later determines that the family's income exceeds the over-income limit at a subsequent annual or interim reexamination, the family is entitled to a new 24 consecutive month period and new notices under this section.

PHA Policy

If, at any time during the 24-month period following the initial over-income determination, an over-income family experiences a decrease in income, the family may request an interim redetermination of rent in accordance with PHA policy in Chapter 9.

If, as a result, the previously over-income family is now below the over-income limit, the family is no longer subject to over-income provisions as of the effective date of the recertification. The PHA will notify the family in writing within 10 business days of the determination that over-income policies no longer apply to them.

Initial Notice of Over-Income Status [24 CFR 960.507(c)(1)]

If the PHA determines the family has exceeded the over-income limit during an annual or interim reexamination, the PHA must provide written notice to the family of the over-income determination no later than 30 days after the income examination. The notice must state that the family has exceeded the over-income limit and continuing to do so for a total of 24 consecutive months will result in the PHA following its continued occupancy policy for over-income families. The PHA must afford the family an opportunity for a hearing if the family disputes within a reasonable time the PHA's determination that the family has exceeded the over-income limit.

PHA Policy

At annual or interim reexamination, if a family's income exceeds the applicable over-income limit, within 10 business days the PHA will notify the family in writing of the determination and that if the family continues to be over-income for 24 consecutive months, the family will be subject to the PHA's over-income policies. The notice will state that the family may request a hearing if the family disputes the PHA's determination in accordance with PHA policies in Chapter 14.

Second Notice of Over-Income Status [24 CFR 960.507(c)(2)]

The PHA must conduct an income examination 12 months after the initial over-income determination, unless the PHA determined the family's income fell below the over-income limit since the initial over-income determination. If the PHA determines the family continues to exceed the over-income limit for 12 consecutive months, the PHA must provide written notification of this 12-month over-income determination no later than 30 days after the income examination. The notice must state that the family has exceeded the over-income limit for 12 consecutive months and continuing to do so for a total of 24 consecutive months will result in the PHA following its continued occupancy policy for over-income families. Additionally, if applicable under PHA policy, the notice must include an estimate (based on current data) of the alternative non-public housing rent for the family's unit. The PHA must afford the family an opportunity for a hearing if the family disputes within a reasonable time the PHA's determination that the family has exceeded the over-income limit.

PHA Policy

If a family's income exceeds the applicable over-income limit after 12 consecutive months, within 10 business days, the PHA will notify the family in writing of the determination and that if the family continues to be over-income for 24 consecutive months, the family will be subject to the PHA's over-income policies. The notice will state that the family may request a hearing if the family disputes the PHA's determination in accordance with PHA policies in Chapter 14.

Final Notice of Over-Income Status [24 CFR 960.507(c)(3) and 960.509]

Unless the PHA determined the family's income fell below the over-income limit since the second over-income determination, the PHA must conduct an income examination 24 months after the initial over income determination. If the family continues to be over-income based on this determination, the PHA must provide written notification of this determination no later than 30 days after the income examination. The notice must state that the family has exceeded the over-income limit for 24 consecutive months and that the PHA will follow its continued occupancy policies for over-income families. The PHA must afford the family an opportunity for a hearing if the family disputes within a reasonable time the PHA's determination that the family has exceeded the over-income limit.

PHA Policy

For families whose income exceeds the over-income limit for 24 consecutive months, the PHA will terminate the tenancy of the family no more than six months after the final notification of the family's over-income status.

During the period before termination, the over-income family will continue to be a public housing program participant until their tenancy is terminated. The PHA will continue to charge the family rent in accordance with public housing regulations, will offer the family the choice between income-based and flat rent as required by the regulations, and will prorate rent for mixed families.

The PHA will give appropriate notice of lease tenancy termination (notice to vacate) in accordance with state and local laws.

Other Serious or Repeated Violations of Material Terms of the Lease – Mandatory Lease Provisions [24 CFR 966.4(l)(2)(i) and 24 CFR 966.4(f)]

HUD regulations require certain tenant obligations to be incorporated into the lease. Violations of such regulatory obligations are considered to be serious or repeated violations of the lease and grounds for termination. Incidents of actual or threatened domestic violence, dating violence, sexual assault, ~~or~~ stalking, or human trafficking may not be construed as serious or repeated violations of the lease by the victim or threatened victim ~~of such violence or stalking~~ [24 CFR 5.2005(c)(1)].

PHA Policy

The PHA will terminate the lease for the following violations of tenant obligations under the lease:

Failure to make payments due under the lease, including nonpayment of rent (see Chapter 8 for details pertaining to lease requirements for payments due);

Repeated late payment of rent or other charges. Four late payments within a 12-month period shall constitute a repeated late payment.

Failure to fulfill the following household obligations:

Not to assign the lease or to sublease the dwelling unit. Subleasing includes receiving payment to cover rent and utility costs by a person living in the unit who is not listed as a family member.

Not to provide accommodations for boarders or lodgers

To use the dwelling unit solely as a private dwelling for the tenant and the tenant's household as identified in the lease, and not to use or permit its use for any other purpose

To abide by necessary and reasonable regulations promulgated by the PHA for the benefit and well-being of the housing project and the tenants which shall be posted in the project office and incorporated by reference in the lease

To comply with all obligations imposed upon tenants by applicable provisions of building and housing codes materially affecting health and safety

To keep the dwelling unit and such other areas as may be assigned to the tenant for the tenant's exclusive use in a clean and safe condition

To dispose of all ashes, garbage, rubbish, and other waste from the dwelling unit in a sanitary and safe manner

Over-Income Families [24 CFR 960.261; FR Notice 7/26/18; Notice PIH 2019-11]

The Housing Opportunity Through Modernization Act (HOTMA) of 2016 placed an income limitation on public housing tenancies. The over-income requirement states that after a family's adjusted income has exceeded 120 percent of area median income (AMI) (or a different limitation established by the secretary) for two consecutive years, the PHA must either terminate the family's tenancy within six months of the determination, or charge the family a monthly rent that is the higher of the applicable fair market rent (FMR) or the amount of monthly subsidy for the unit, including amounts from the operating and capital funds, as determined by regulations.

Notice PIH 2019-11 also requires that PHAs publish over-income limits in their ACOF and update them no later than 60 days after HUD publishes new income limits each year. The over-income limit is calculated by multiplying the very low income limit (VLI) by 2.4, as adjusted for family size.

PHAs also have discretion, under 24 CFR 960.261, to adopt policies allowing termination of tenancy for families whose income exceeds the limit for program eligibility. Such policies would exempt families participating in the Family Self-Sufficiency (FSS) program or currently receiving the earned income disallowance.

PHA Policy

At annual or interim reexamination, if a family's adjusted income exceeds the applicable over-income limit, the PHA will document the family file and begin tracking the family's over-income status.

If one year after the applicable annual or interim reexamination the family's income continues to exceed the applicable over-income limit, the PHA will notify the family in writing that their income has exceeded the over-income limit for one year, and that if the family continues to be over-income for 12 consecutive months, the family will be subject to the PHA's over-income policies.

Until such time as the final rule related to alternative rent amounts becomes legally effective, the PHA will not terminate the assistance of over-income families or charge such families an alternative rent. The PHA will continue to offer such families the choice between income-based or flat rent at each annual reexamination.

Once alternative rent requirements for over-income families become legally effective, the PHA will charge any family whose income has exceeded the over-income limit for at least two years the higher of the applicable fair market rent (FMR) or the amount of monthly subsidy for the unit. The PHA will notify the family in writing of their new rent amount. The new rent amount will be effective 30 days after the PHA's written notice to the family.

If, at any time, an over-income family experiences a decrease in income, the family may request an interim redetermination of rent in accordance with PHA policy. If, as a result, the previously over-income family is now below the over-income limit, the family is no longer subject to over-income provisions as of the effective date of the recertification. The PHA will notify the family in writing that over-income policies no longer apply to them. If the family's income later exceeds the over-income limit again, the family is entitled to a new two-year grace period.

~~The PHA will begin tracking over-income families once these policies have been adopted, but no later than March 24, 2019.~~

~~The PHA will not evict or terminate the tenancies of families whose income exceeds the income limit for program eligibility as described at 24 CFR 960.261.~~

~~The PHA will rely on the following over-income limits. These numbers will be updated within 60 days of HUD publishing new income limits each year and will be effective for all annual and interim reexaminations once these policies have been adopted.~~

Family Size	1	2	3	4	5	6	7	8
Over-Income Limit								

~~For families larger than 8 persons, the over-income limit will be calculated by multiplying the applicable very low income limit by 2.4.~~

13-III.F. TERMINATIONS RELATED TO DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, ~~OR STALKING~~, OR HUMAN TRAFFICKING

This section addresses the protections against termination of tenancy that the Violence against Women Act ~~of 2013~~ (VAWA) provides for public housing residents who are victims of domestic violence, dating violence, sexual assault, ~~or~~ stalking, or human trafficking. For general VAWA requirements and PHA policies pertaining to notification, documentation, and confidentiality, see section 16-VII of this ACOP, where definitions of key VAWA terms are also located.

VAWA Protections against Termination [24 CFR 5.2005(c)]

VAWA provides that no person may deny assistance, tenancy, or occupancy rights to public housing to a tenant on the basis or as a direct result of criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking that is engaged in by a member of the household of the tenant or any guest or other person under the control of the tenant, if the tenant or affiliated individual is the victim or threatened victim of such domestic violence, dating violence, sexual assault, or stalking [FR Notice 8/6/13].

VAWA further provides that incidents of actual or threatened domestic violence, dating violence, sexual assault, or stalking may not be construed either as serious or repeated violations of the lease by the victim or threatened victim of such violence or as good cause for terminating the tenancy or occupancy rights of the victim of such violence [24 CFR 5.2005(c)(1), FR Notice 8/6/13].

- Although the VAWA 2022 statute does not specifically include human trafficking in the list of victims protected under VAWA, in 2022 HUD began including human trafficking as part of the list of victims protected under VAWA (as seen in Notices PIH 2022-06, PIH 2022-22, and PIH 2022-24). In the absence of a final rule implementing VAWA 2022 and to mirror HUD's recent usage, this policy includes human trafficking in addition to domestic violence, dating violence, sexual assault, and stalking anywhere such a list appears.

PHAs and owners may not coerce, intimidate, threaten, interfere with, or retaliate against any person who exercises or assists or encourages a person to exercise any rights or protections under VAWA [FR Notice 1/4/23].

Conducting Hearings Remotely

The PHA must ensure that the lack of technology or inability to use technology for remote grievance hearings does not pose a disadvantage to families that may not be apparent to the PHA. The PHA should determine through a survey or other means if these barriers exist prior to conducting the remote grievance hearing and, if the family does not have the proper technology to fully participate, either postpone the hearing or provide an alternative means of access.

As with in-person grievance hearings, the PHA must provide all materials presented, whether paper or electronic, to the family prior to the remote grievance hearing. The family must also be provided with an accessible means by which to transmit their own evidence.

The PHA's essential responsibility is to ensure grievance hearings meet the requirements of due process and comply with HUD regulations. Therefore, all PHA policies and processes for remote grievance hearings will be conducted in accordance with due process requirements and will be in compliance with HUD regulations at 24 CFR 966.56 and the guidance for conducting remote hearings specified in Notice PIH 2020-32.

PHA Policy

In general, the PHA will conduct grievance hearings in-person at the Housing Authority office.

The PHA may conduct remote grievance hearings via a video conferencing platform, if requested. If, after attempting to resolve any technology barriers, participants are unable to adequately access the video conferencing platform at any point, or upon request, the grievance hearing will be conducted by telephone conferencing call-in. If the family is unable to adequately access the telephone conferencing call-in at any point, the remote grievance hearing will be postponed, and an in-person alternative will be provided promptly within a reasonable time.

At least five business days prior to scheduling a remote hearing, the PHA will provide the family with login information and/or conferencing call-in information and an electronic copy of all materials being presented via first class mail and/or email. The notice will advise the family of technological requirements for the hearing and request the family notify the PHA of any known barriers. The PHA will resolve any barriers using the guidance in Section 6 of Notice PIH 2020-32, including offering the family the opportunity to attend an in-person hearing.

The PHA will follow up with a phone call and/or email to the family at least one business day prior to the remote grievance hearing to ensure that the family received all information and is comfortable accessing the video conferencing or call-in platform.

The PHA will ensure that all electronic information stored or transmitted with respect to the grievance hearing is secure, including protecting personally identifiable information (PII), and meets the requirements for accessibility for persons with disabilities and persons with LEP.

14-III.H. PROCEDURES GOVERNING THE HEARING [24 CFR 966.56]

Rights of Complainant [24 CFR 966.56(b)]

The complainant will be afforded a fair hearing. This includes:

- The opportunity to examine before the grievance hearing any PHA documents, including records and regulations that are directly relevant to the hearing. The tenant must be allowed to copy any such document at the tenant's expense. If the PHA does not make the document available for examination upon request by the complainant, the PHA may not rely on such document at the grievance hearing.

PHA Policy

The tenant will be allowed to copy any documents related to the hearing at a cost of \$0.25 per page. There will be no charge for documents emailed by the PHA. The family must request discovery of PHA documents no later than 12:00 p.m. on the business day prior to the hearing.

- The right to be represented by counsel or other person chosen to represent the tenant, and to have such person make statements on the tenant's behalf.

PHA Policy

Hearings may be attended by the following applicable persons:

The PHA representatives and any witnesses for the PHA

The tenant and any witnesses for the tenant

The tenant's counsel or other representative

Any other person approved by the PHA as a reasonable accommodation for a person with a disability

- The right to a private hearing unless the complainant requests a public hearing.
- The right to present evidence and arguments in support of the tenant's complaint, to controvert evidence relied on by the PHA or project management, and to confront and cross-examine all witnesses upon whose testimony or information the PHA or project management relies.
- A decision based solely and exclusively upon the facts presented at the hearing.

Failure to Appear [24 CFR 966.56(c)]

If the complainant or the PHA fails to appear at a scheduled hearing, the hearing officer may make a determination to postpone the hearing for no more than five business days or may make a determination that the party has waived their right to a hearing. Both the complainant and the PHA must be notified of the determination by the hearing officer: Provided, That a determination that the complainant has waived their right to a hearing will not constitute a waiver of any right the complainant may have to contest the PHA's disposition of the grievance in an appropriate judicial proceeding.

There may be times when a complainant does not appear due to unforeseen circumstances which are out of their control and are no fault of their own.

PHA Policy

If the tenant does not appear at the scheduled time of the hearing, the hearing officer will wait up to 15 minutes. If the tenant appears within 15 minutes of the scheduled time, the hearing will be held. If the tenant does not arrive within 15 minutes of the scheduled time, they will be considered to have failed to appear.

If the tenant fails to appear and was unable to reschedule the hearing in advance, the tenant must contact the PHA within 24 hours of the scheduled hearing date, excluding weekends and holidays. The hearing officer will reschedule the hearing only if the tenant can show good cause for the failure to appear, or it is needed as a reasonable accommodation for a person with disabilities.

“Good cause” is defined as an unavoidable conflict which seriously affects the health, safety, or welfare of the family.

EXHIBIT 14-1: ~~SAMPLE~~-GRIEVANCE PROCEDURE

~~The sample procedure provided below is a sample only and is designed to match up with the default policies in the model ACOP. If your PHA has made further policy decisions after NMA has provided you with this chapter, you would need Definitions applicable to the grievance procedure [24 CFR 966.53].~~

~~Note: The sample procedure provided below is a sample only and is designed to match up with the default policies in the model ACOP. If your PHA has made policy decisions that do not reflect the default policies in the ACOP, you would need to ensure that the procedure matches those policy decisions.~~

I. Introduction

Public housing tenants have the right to request a grievance hearing for any PHA action or failure to act in accordance with the tenant's lease.

Grievance procedures do not apply in the following circumstances:

- A. Disputes between tenants not involving the PHA or class grievances [24 CFR 966.51(b)].
- B. The grievance procedure is not intended as a forum for initiating or negotiating policy changes between a group or groups of tenants and the PHA's Board of Commissioners [24 CFR 966.51(b)].
- C. The PHA is located in a HUD-declared due-process state. When the PHA is in a HUD-declared due process state, HUD allows the PHA to exclude from the PHA grievance procedure any grievance concerning a termination of tenancy or eviction that involves:
 - i. Any criminal activity that threatens the health, safety or right to peaceful enjoyment of the premises of other residents or employees of the PHA;
 - ii. Any violent or drug-related criminal activity on or off such premises; or
 - iii. Any criminal activity that resulted in felony conviction of a household member [24 CFR 966.51(a)(2)].

I.II. Definitions applicable to the grievance procedure [24 CFR 966.53]

- A. **Grievance:** Any dispute a tenant may have with respect to PHA action or failure to act in accordance with the individual tenant's lease or PHA regulations that adversely affects the individual tenant's rights, duties, welfare, or status.
- B. **Complainant:** Any tenant (as defined below) whose grievance is presented to the PHA or at the project management office in accordance with the requirements presented in this procedure.
- C. **Elements of due process:** An eviction action or a termination of tenancy in a state or local court in which the following procedural safeguards are required:
 - i. Adequate notice to the tenant of the grounds for terminating the tenancy and for eviction
 - ii. Right of the tenant to be represented by counsel
 - iii. Opportunity for the tenant to refute the evidence presented by the PHA, including the right to confront and cross-examine witnesses and to present any affirmative legal or equitable defense that the tenant may have
 - iv. A decision on the merits of the case
- D. **Hearing officer:** An impartial person or persons selected by the PHA other than the person who made or approved the decision under review, or a subordinate of that person. Such individuals do not need legal training.
- E. **Tenant:** The adult person (or persons other than a live-in aide) who resides in the unit and who executed the lease with the PHA as lessee of the dwelling unit, or if no such person now resides in the unit, the person who resides in the unit and is the remaining head of the household of the tenant family residing in the dwelling unit.
- ~~E. **Resident organization:** An organization of residents, which also may include a resident management corporation. **Tenant:** The adult person (or persons other than a live-in aide) who resides in the unit and who executed the lease with the PHA as lessee of the dwelling unit, or if no such person now resides in the unit, who resides in the unit and who is the remaining head of the household of the tenant family residing in the dwelling unit.~~
- F.

III. This grievance procedure [24 CFR 966.51]

This grievance procedure is included by reference in all tenant dwelling leases and will be furnished to each tenant and all resident organizations [24 CFR 966.52 (b) and (d)].

Any changes proposed in this grievance procedure must provide for at least 30 days' notice to tenants and resident organizations, explaining the proposed changes and providing an opportunity to present written comments. Comments will be considered by the PHA before any revisions are made to the grievance procedure [24 CFR 966.52(c)].

~~F.—**Resident organization:** An organization of residents, which also may include a resident management corporation.~~

~~H.—**Applicability of this grievance procedure [24 CFR 966.51]**~~

~~In accordance with the applicable federal regulations (24 CFR 966.50), this grievance procedure is applicable to all individual grievances (as defined in Section I above) between the tenant and the PHA with the following exception of disputes between tenants not involving the PHA or class grievances. The grievance procedure is not intended as a forum for initiating or negotiating policy changes between a group or groups of tenants and the PHA's Board of Commissioners [24 CFR 966.51(b)].~~

~~This grievance procedure is incorporated by reference in all tenant dwelling leases and will be furnished to each tenant and all resident organizations [24 CFR 966.52 (b) and (d)].~~

~~Any changes proposed in this grievance procedure must provide for at least 30 days' notice to tenants and resident organizations, setting forth the proposed changes and providing an opportunity to present written comments. Comments will be considered by the PHA before any revisions are made to the grievance procedure [24 CFR 966.52(e)].~~

III.IV. Informal settlement of a grievance [24 CFR 966.54]

Any grievance request must be personally presented, either orally or in writing (including email), to the PHA's ~~central office or the management office of the development in which the tenant resides~~ within 10 days after the ~~violation~~ grievable event.

As soon as the grievance request is received, it will be reviewed by the PHA to ensure it meets the requirements for a grievance hearing. If the tenant is not entitled to a grievance, the PHA will notify the tenant that they may instead seek judicial review and the procedures for requesting such a review [24 CFR 966.4(l)(3)(i)(C)(v)(B)].

Otherwise, within 10 business days, the tenant will be contacted to arrange a mutually convenient time to meet so the grievance may be discussed and settled without a hearing. At the informal settlement, the tenant will present their grievance.

Within five business days following the informal settlement, the PHA will prepare and either hand deliver, mail, or email to the tenant a summary of the discussion. The summary will specify the names of the participants; the date of the meeting; the nature of the proposed resolution of the complaint, with specific reason(s); and will specify the procedures by which a formal hearing under this procedure may be obtained if the tenant

is not satisfied [24 CFR 966.54]. A copy of this summary will also be placed in the tenant's file.

~~Any grievance must be personally presented, either orally or in writing (including email), to the PHA's central office or the management office of the development in which the complainant resides **within 10 days after the grievable event.**~~

~~Grievances related to complaints about operations matters that are received by the PHA's central office will be referred to the person responsible for the management of the development in which the complainant resides. Grievances involving complaints related to discrimination, harassment, or disability rights will be referred to the Civil Rights Administrator or Director of Operations.~~

~~As soon as the grievance is received, it will be reviewed by the management office of the development or the Civil Rights Administrator (if applicable) to be certain that neither of the exclusions in paragraphs II.A or II.B above applies to the grievance. Should one of the exclusions apply, the complainant will be notified in writing that the matter raised is not subject to the PHA's grievance procedure with the reason specified.~~

~~If neither of the exclusions cited above apply, the complainant will be contacted to arrange a mutually convenient time **within 10 business days** to meet so the grievance may be discussed informally and settled without a hearing. At the informal settlement, the complainant will present the grievance and the person in charge of the management office or the Civil Rights Administrator will attempt to settle the grievance to the satisfaction of both parties.~~

~~**Within five business days** following the informal discussion, the PHA will prepare and either hand deliver, mail, or email to the tenant a summary of the discussion that must specify the names of the participants, the dates of meeting, the nature of the proposed disposition of the complaint, and the specific reasons therefore, and will specify the procedures by which a formal hearing under this procedure may be obtained if the complainant is not satisfied. A copy of this summary will also be placed in the tenant's file.~~

V. Requesting a formal grievance hearing

~~**IV.**—— If the tenant is not satisfied with the outcome of the informal settlement, the tenant must submit a written request for a hearing to the management office **of the development where the tenant lives** no later than five business days after receiving the summary of the informal settlement. **Formal grievance hearing**~~

~~**V.**—— If the complainant is not satisfied with the settlement arrived at in the informal settlement, the complainant must submit a written request for a hearing to the management office of the development where the tenant resides **no later than five business days after the summary of the informal hearing is received.**~~

~~**VI.**—— The written request must specify:~~

~~**VII.**—— The reasons for the grievance; and~~

~~VIII. — The action of relief sought from the PHA~~

~~Within 10 days of receiving the written request for a hearing, the hearing officer will schedule and send written notice of hearing to both the complainant and the PHA.~~

~~IX. The written request must specify the reasons for the request and the action or relief sought from the PHA.~~

~~X.~~ VI. Selecting the hearing officer

A grievance hearing will be conducted by an impartial person appointed by the PHA as described below:

A. The hearing officer will be appointed directly by the executive director.

B. The hearing officer will be someone who did not make or approve the decision under review and who is not a subordinate of such persons [24 CFR 066.54(e)].

The PHA's method for selecting a hearing officer will be included in the lease [24 CFR 966.54(e)]. ~~A grievance hearing will be conducted by a single impartial person appointed by the PHA as described below:~~

~~A. The hearing officer will be appointed directly by the executive director.~~

~~B. The hearing officer will be a staff member who did not make or approve the decision under review and who is not a subordinate of such persons. If the designated staff member (such as the program manager) was involved in the decision or is a subordinate of such person, an alternate hearing officer will be selected.~~

~~C. The PHA may select designated staff members who were not involved in the decision under review in certain circumstances, such as those involving discrimination claims or denials of requests for reasonable accommodations.~~

~~D.C. The PHA's method for selecting a hearing officer will be inserted into the lease.~~

~~XI.~~ VII. Scheduling hearings [24 CFR 966.56(a)]

When a tenant submits a timely request for a grievance hearing, the PHA will immediately appoint an impartial hearing officer.

Once the hearing has been scheduled, the tenant will receive written notice of the hearing, sent by mail and/or email, ~~return receipt requested.~~

Within 10 days of receiving the written request, the hearing will be scheduled. The tenant, PHA, and hearing officer will be notified in writing of the date, time and location of the hearing. If the hearing will be held remotely, the PHA will also include information on the remote hearing process.

~~XII.~~ The tenant may request to reschedule a hearing once. Should the tenant need to reschedule a second time, they may only do so for good cause, or if needed as a reasonable accommodation for a person with disabilities. *Good cause* is defined as an unavoidable conflict which seriously affects the health, safety, or welfare of the family. Requests to reschedule a hearing must be made orally or in writing **at least one day prior to the hearing date.** ~~When a complainant submits a timely request for a grievance hearing, the PHA will immediately appoint an impartial hearing officer to schedule the hearing within the following 10 business days.~~

~~Once the hearing officer has scheduled the hearing, the hearing officer will send written notice of the hearing to both the complainant and the PHA. Notice to the complainant will be in writing, either personally delivered to the complainant, or sent by mail or email, return receipt requested.~~

The written notice will specify the time, place, and procedures governing the hearing. If the hearing will be held remotely, the PHA will also include information on the remote hearing process.

~~The tenant may request to reschedule a hearing on a one-time basis. Should the complainant need to reschedule a second time, they may do so for good cause, or if needed as a reasonable accommodation for a person with disabilities. Good cause is defined as an unavoidable conflict which seriously affects the health, safety, or welfare of the family. Requests to reschedule a hearing must be made orally or in writing prior to the hearing date.~~

XIII.VIII. Procedures governing the hearing [24 CFR 966.56]

The hearing will be held before a hearing officer as described above in Section VI. The tenant will be afforded a fair hearing, which will include:

A. The opportunity to examine any PHA documents before the hearing, including records and regulations, that are directly relevant to the hearing.

The tenant must request to view and copy PHA documents relevant to the hearing by noon of the day before the hearing. The tenant is allowed to copy any such document at a cost to the tenant of \$0.25 per page.~~The tenant must request to view and copy PHA documents relevant to the hearing by noon of the day before the hearing. The tenant is allowed to copy any such document at no cost to the tenant.~~

If the PHA does not make the document available for examination upon request by the tenant, the PHA may not rely on such document at the grievance hearing.

B. The right to be represented by counsel or any other person chosen as the tenant's representative, at the tenant's expense, and to have such person make statements on the tenant's behalf.

C. The right to a private hearing unless the tenant requests a public hearing.

D. The right to present evidence and arguments in support of the tenant's complaint, to refute evidence relied on by the PHA or project management, and to confront and cross-examine all witnesses upon whose testimony or information the PHA or project management relies.

E. A decision based solely and exclusively upon the facts presented at the hearing [24 CFR 966.56(b)].

The hearing is conducted informally by the hearing officer. The PHA and the tenant must be given the opportunity to present oral or documentary evidence that is relevant to the facts and issues raised, and to question any witnesses.

The hearing decision will be based on the preponderance of the evidence, defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which, as a whole, shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

The tenant may request a recording of the hearing at the time of the hearing or up to 90 days thereafter. Recording may be provided on CD at a cost of \$2.00 to the tenant.~~The tenant or the PHA may arrange in advance for a transcript or recording of the hearing at the expense of the party making the arrangement.~~

The PHA must provide reasonable accommodation for persons with disabilities to participate in the hearing. Reasonable accommodation may include qualified sign language interpreters, readers, accessible locations, or attendants. If the tenant is visually impaired, any notice to the tenant that is required under this procedure must be in an accessible format [24 CFR 966.56(f)].

The PHA must comply with HUD's requirements regarding limited English proficiency (LEP). The tenant has the right to request competent oral interpretation, free of charge. LEP requirements can be found at:

https://www.hud.gov/program_offices/fair_housing_equal_opp/promotingfh/lep-faq

~~The hearing will be held before a hearing officer as described above in Section V. The complainant will be afforded a fair hearing, which will include:~~

~~A. The opportunity to examine before the hearing any PHA documents, including records and regulations, that are directly relevant to the hearing.~~

~~The tenant is allowed to copy any such document at no cost to the tenant. If the PHA does not make the document available for examination upon request by the complainant, the PHA may not rely on such document at the grievance hearing.~~

~~B. The right to be represented by counsel or other person chosen as the tenant's representative and to have such person make statements on the tenant's behalf.~~

~~C. The right to a private hearing unless the complainant requests a public hearing.~~

~~D. The right to present evidence and arguments in support of the tenant's complaint, to refute evidence relied on by the PHA or project management, and to confront and cross-examine all witnesses upon whose testimony or information the PHA or project management relies.~~

~~E. A decision based solely and exclusively upon the fact presented at the hearing [24 CFR 966.56(b)].~~

~~The hearing is conducted informally by the hearing officer. The PHA and the tenant must be given the opportunity to present oral or documentary evidence pertinent to the facts and issues raised by the complaint, and to question any witnesses.~~

~~The complainant or the PHA may arrange in advance for a transcript of the hearing at the expense of the party making the arrangement. Any interested party may purchase a copy of the transcript [24 CFR 966.56(e)].~~

~~The PHA must provide reasonable accommodation for persons with disabilities to participate in the hearing. Reasonable accommodation may include qualified sign language interpreters, readers, accessible locations, or attendants. If the tenant is visually impaired, any notice to the tenant that is required under this procedure must be in an accessible format [24 CFR 966.56(f)].~~

~~The PHA must comply with HUD's requirements regarding limited English proficiency as specified in "Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition against National Origin Discrimination Affecting Limited English Proficient Persons," issued January 22, 2007, and available at:~~

~~http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/promotingfh/lep-faq.~~

~~XIV~~.IX. Remote Hearings

The PHA has the sole discretion to require that hearings be conducted remotely in certain situations (e.g. physical distancing orders). In addition, the PHA will conduct remote hearings as needed upon request as a reasonable accommodation for a person with a disability, if an applicant does not have childcare or transportation that would enable them to attend the informal hearing, or if the applicant believes an in-person hearing would create an undue health risk. The PHA will consider other reasonable requests for a remote hearing on a case-by-case basis.~~The PHA has the authority to require that hearings be conducted remotely in certain situations. Tenants may request remote hearings as needed.~~

~~XV~~.X. Failure to appear at the hearing

If the tenant does not arrive within 15 minutes of the scheduled time, it will be considered a failure to appear, which means they have given up their right to a hearing.

~~XVI.~~—Both the tenant and the PHA must be notified of the determination by the hearing officer. A determination that the tenant has waived their right to a hearing will not constitute a waiver of any right the tenant may have to contest the PHA’s disposition of the grievance in an appropriate judicial setting [24 CFR 966.56(c)].~~If the complainant or PHA fails to appear at the hearing, the hearing officer may make a determination to postpone the hearing or make a determination that the complainant has waived their right to a hearing.~~

~~Both the complainant and the PHA must be notified of the determination by the hearing officer. A determination that the complainant has waived their right to a hearing will not constitute a waiver of any right the complainant may have to contest the PHA’s disposition of the grievance in an appropriate judicial setting [24 CFR 966.56(e)].~~

~~XVII~~.XI. Decision of the hearing officer [24 CFR 966.57]

The hearing officer will prepare a written decision together with the reasons for the decision within 10 business days after the hearing. A copy of the decision will be sent to the tenant and the PHA.

The PHA will retain a copy of the decision in the tenant’s file.

The hearing officer may ask the family for additional information and/or might adjourn the hearing in order to reconvene at a later date before reaching a decision. If the family misses a deadline ordered by the hearing officer, the hearing officer will make a decision based on the evidence presented.

The decision of the hearing officer will be binding on the PHA unless the PHA’s Board of Commissioners determines within a reasonable time and notifies the tenant of its determination that:

A. The grievance does not concern PHA action or failure to act in accordance with or involving the tenant’s lease or PHA regulations, which adversely affect the tenant’s rights, duties, welfare, or status; or

B. The decision of the hearing officer is contrary to applicable federal, state, or local law, HUD regulations, or requirements of the annual contributions contract (ACC) between HUD and the PHA.

When the PHA considers the decision of the hearing officer to be invalid for either of the reasons stated above, it will present the matter to the PHA Board of Commissioners within 10 business days of the date of the hearing officer's decision. The Board will have 30 calendar days to consider the decision. If the Board decides to reverse the hearing officer's decision, it must notify the tenant within 10 business days of this decision.

A decision by the hearing officer or Board of Commissioners in favor of the PHA or which denies the relief requested by the tenant, in whole or in part, will not constitute a waiver of nor affect in any way the tenant's right to a trial or judicial review in any court proceedings, which may be brought in the matter later [24 CFR 966.57].~~The hearing officer will prepare a written decision together with the reasons for the decision within 10 business days after the hearing. A copy of the decision will be sent to the complainant and the PHA.~~

~~The PHA will retain a copy of the decision in the tenant's file.~~

~~The hearing officer may ask the family for additional information and/or might adjourn the hearing in order to reconvene at a later date before reaching a decision. If the family misses a deadline ordered by the hearing officer, the hearing officer will make a decision based on the evidence presented.~~

~~The decision of the hearing officer will be binding on the PHA unless the PHA's Board of Commissioners determines within a reasonable time and notifies the complainant of its determination that:~~

~~A.——The grievance does not concern PHA action or failure to act in accordance with or involving the complainant's lease or PHA regulations, which adversely affect the complainant's rights, duties, welfare, or status; or~~

~~B.——The decision of the hearing officer is contrary to applicable federal, state, or local law, HUD regulations, or requirements of the annual contributions contract (ACC) between HUD and the PHA.~~

~~When the PHA considers the decision of the hearing officer to be invalid due to either of the reasons stated above, it will present the matter to the PHA Board of Commissioners within 10 business days of the date of the hearing officer's decision. The Board has 30 calendar days to consider the decision. If the Board decides to reverse the hearing officer's decision, it must notify the complainant within 10 business days of this decision.~~

~~A decision by the hearing officer or Board of Commissioners in favor of the PHA or which denies the relief requested by the complainant in whole or in part will not constitute a waiver of nor affect in any way the rights of the complainant to a trial or judicial review in any court proceedings, which may be brought in the matter later [24 CFR 966.57].~~

PART II: ESTABLISHING FLAT RENTS

16-II.A. OVERVIEW

Flat rents are designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families who are attempting to become economically self-sufficient.

Flat rents are also used to prorate assistance for a mixed family. A mixed family is one whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigrations status [24 CFR 5.504].

This part discusses how the PHA establishes and updates flat rents. Policies related to the use of flat rents, family choice of rent, flat rent hardships, and proration of rent for a mixed family are discussed in Chapter 6.

16-II.B. FLAT RENTS [24 CFR 960.253(b) and Notice PIH ~~2017-23~~[2022-33](#)]

Establishing Flat Rents

The 2015 Appropriations Act requires that flat rents must be set at no less than 80 percent of the applicable fair market rent (FMR). Alternatively, the PHA may set flat rents at no less than 80 percent of the applicable small area FMR(SAFMR) for metropolitan areas, or 80 percent of the applicable unadjusted rents for nonmetropolitan areas.

For areas where HUD has not determined a SAFMR or an unadjusted rent, PHAs must set flat rents at no less than 80 percent of the FMR or apply for an exception flat rent.

The 2015 Appropriations Act permits PHAs to ~~request~~[apply for](#) an exception flat rent that is lower than either 80 percent of the FMR or SAFMR/unadjusted rent if the PHA can demonstrate, [through the submission of a market analysis](#), that these FMRs do not reflect the market value of a particular property or unit [and HUD agrees with the PHA's analysis](#).

~~In order to demonstrate the need for an exception flat rent, PHAs are required to submit a market analysis methodology that demonstrates the value of the unit. The PHA must use HUD's rent reasonableness methodology to determine flat rents. In determining flat rents, PHAs must consider the following:~~

- ~~• Location~~
- ~~• Quality~~
- ~~• Unit size~~
- ~~• Unit type~~
- ~~• Age of the unit~~
- ~~• Amenities at the property and in immediate neighborhood~~
- ~~• Housing services provided~~
- ~~• Maintenance provided by the PHA~~
- ~~• Utilities provided by the PHA and/or landlord for (comparable units in the market study)~~

~~The PHA must provide a corresponding key explaining the calculations used for determining the valuation for each factor. HUD published a Flat Rent Market Analysis tool on August 22, 2018, which includes a rent adjustment guide, a market rent comparison guide, and a rent adjustment worksheet to aide PHAs in requesting exception flat rents.~~

The market analysis must be submitted using form HUD-5880, “Flat Rent Market Analysis Summary.”

PHAs must receive written HUD approval before implementing exception flat rents. PHAs with a previously approved flat rent exception request may submit a written request to extend the approved flat rents for up to two additional years, provided local market conditions remain unchanged. Detailed information on how to request exception flat rents can be found in Notice PIH ~~2017-23~~2022-33.

PHAs are now required to apply a utility allowance to flat rents as necessary. Flat rents set at 80 percent of the FMR must be reduced by the amount of the unit’s utility allowance, if any.

PART VII: VIOLENCE AGAINST WOMEN ACT (VAWA): NOTIFICATION, DOCUMENTATION, AND CONFIDENTIALITY

16-VII.A. OVERVIEW

The Violence against Women ~~Reauthorization Act of 2013~~ (VAWA) provides special protections for victims of domestic violence, dating violence, sexual assault, ~~and~~ stalking, and human trafficking who are applying for or receiving assistance under the public housing program. If your state or local laws provide greater protection for such victims, those apply in conjunction with VAWA.

- Although the VAWA 2022 statute does not specifically include human trafficking in the list of victims protected under VAWA, in 2022 HUD began including human trafficking as part of the list of victims protected under VAWA (as seen in Notices PIH 2022-06, PIH 2022-22, and PIH 2022-24). In the absence of a final rule implementing VAWA 2022 and to mirror HUD's recent usage, this policy includes human trafficking in addition to domestic violence, dating violence, sexual assault, and stalking anywhere such a list appears.

In addition to definitions of key terms used in VAWA, this part contains general VAWA requirements and PHA policies in three areas: notification, documentation, and confidentiality. Specific VAWA requirements and PHA policies are located in Chapter 3, “Eligibility” (sections 3-I.C and 3-III.F); Chapter 5, “Occupancy Standards and Unit Offers” (section 5-II.D); Chapter 8, “Leasing and Inspections” (section 8-I.B); Chapter 12, “Transfer Policy” (sections 12-III.C, 12-III.F, and 12-IV.D); and Chapter 13, “Lease Terminations” (sections 13-III.F and 13-IV.D).

16-VII.B. DEFINITIONS [24 CFR 5.2003, FR Notice 8/6/13]

As used in VAWA:

- The term *affiliated individual* means, with respect to a person:
 - A spouse, parent, brother or sister, or child of that individual, or an individual to whom that person stands in the position or place of a parent; or
 - Any individual, tenant or lawful occupant living in the household of the victim of domestic violence, dating violence, sexual assault, or stalking.
- The term *bifurcate* means, with respect to a public housing or Section 8 lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members' lease and occupancy rights are allowed to remain intact.
- The term *dating violence* means violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:
 - The length of the relationship
 - The type of relationship
 - The frequency of interaction between the persons involved in the relationship

- The term *domestic violence* includes felony or misdemeanor crimes committed by a current or former spouse or intimate partner of the victim under the family or domestic violence laws of the jurisdiction receiving grant funding, and in the case of victim services, includes the user or attempted use of physical abuse or sexual abuse, or a pattern of any other coercive behavior committed, enabled, or solicited to gain or maintain power and control over a victim, including verbal, psychological, economic, or technological abuse that may or may not constitute criminal behavior, by a person who is:
 - The current or former spouse or intimate partner of the victim, or person similarly situated to a spouse or intimate partner of the victim
 - A person who is cohabitating or has cohabitated with the victim as a spouse or intimate partner
 - A person with whom the victim shares a child in common
 - A person who commits acts against a youth or adult victim who is protected from those acts under the domestic or family violence laws of the jurisdiction
- The term *economic abuse* means behavior that is coercive, deceptive, or unreasonably controls or restrains a person's ability to acquire, use, or maintain economic resources to which they are entitled, including using coercion, fraud, and manipulation to:
 - Restrict a person's access to money, assets, credit, or financial information
 - Unfairly use a person's personal economic resources, including money, assets, and credit, for one's own advantage
 - Exert undue influence over a person's financial and economic behavior or decisions, including forcing default on joint or other financial obligations, exploiting powers of attorney, guardianship, or conservatorship, or to whom one has a fiduciary duty
- ~~of violence committed by a current or former spouse or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.~~
- The term *sexual assault* means:
 - Any nonconsensual sexual act proscribed by Federal, tribal, or State law, including when the victim lacks the capacity to consent
- The term *stalking* means:
 - To engage in a course of conduct directed at a specific person that would cause a reasonable person to fear for their safety or the safety of others, or suffer substantial emotional distress.

- The term *technological abuse* means an act or pattern of behavior that occurs within domestic violence, dating violence, sexual assault, or stalking and is intended to harm, threaten, intimidate, control, stalk, harass, impersonate, exploit, extort, or monitor another person, except as otherwise permitted by law, that occurs using any form of technology, including but not limited to:
 - Internet enabled devices
 - Online spaces and platforms
 - Computers
 - Mobile devices
 - Cameras and imaging programs
 - Apps
 - Location tracking devices
 - Communication technologies
 - Any other emergency technologies

16-VII.C. NOTIFICATION [24 CFR 5.2005(a)]

Notification to Public

The PHA adopts the following policy to help ensure that all actual and potential beneficiaries of its public housing program are aware of their rights under VAWA.

PHA Policy

The PHA will post the following information regarding VAWA in its offices and on its website. It will also make the information readily available to anyone who requests it.

A notice of occupancy rights under VAWA to public housing program applicants and participants who are or have been victims of domestic violence, dating violence, sexual assault, or stalking (Form HUD-5380, see Exhibit 16-1)

A copy of form HUD-5382, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation (see Exhibit 16-2)

A copy of the PHA's emergency transfer plan (Exhibit 16-3)

A copy of HUD's Emergency Transfer Request for Certain Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, Form HUD-5383 (Exhibit 16-4)

The National Domestic Violence Hot Line: 1-800-799-SAFE (7233) or 1-800-787-3224 (TTY) (included in Exhibit 16-1)

Contact information for local victim advocacy groups or service providers

Notification to Applicants and Tenants [24 CFR 5.2005(a)(1)]

PHAs are required to inform public housing applicants and tenants of their rights under VAWA, including their right to confidentiality and the limits thereof, when they are denied assistance, when they are admitted to the program, and when they are notified of an eviction or termination of housing benefits.

The PHA must distribute a notice of VAWA rights, along with the VAWA self-certification form (HUD-5382) at each of these three junctures.

PHA Policy

The VAWA information provided to applicants and participants will consist of the notices in Exhibit 16-1 and 16-2.

The PHA will provide all applicants with information about VAWA at the time they request an application for housing assistance. The PHA will also include such information in all notices of denial of assistance (see section 3-III.F).

The PHA will provide all tenants with information about VAWA at the time of admission (see section 8-I.B) and at annual reexamination. The PHA will also include such information in all lease termination notices (see section 13-IV.D).

The PHA is not limited to providing VAWA information at the times specified in the above policy. If the PHA decides to provide VAWA information to a tenant following an incident of domestic violence, Notice PIH ~~2006-42~~[2017-08](#) cautions against sending the information by mail, since the abuser may be monitoring the mail. The notice recommends that in such cases the PHA make alternative delivery arrangements that will not put the victim at risk.

PHA Policy

Whenever the PHA has reason to suspect that providing information about VAWA to a public housing tenant might place a victim of domestic violence at risk, it will attempt to deliver the information by hand directly to the victim or by having the victim come to an office or other space that may be safer for the individual, making reasonable accommodations as necessary. For example, the PHA may decide not to send mail regarding VAWA protections to the victim's unit if the PHA believes the perpetrator may have access to the victim's mail, unless requested by the victim.

When discussing VAWA with the victim, the PHA will take reasonable precautions to ensure that no one can overhear the conversation such as having conversations in a private room.

The victim may, but is not required to, designate an attorney, advocate, or other secure contact for communications regarding VAWA protections.

16-VII.D. DOCUMENTATION [24 CFR 5.2007]

A PHA presented with a claim for initial or continued assistance based on status as a victim of domestic violence, dating violence, sexual assault, ~~or~~ stalking, [human trafficking](#), or criminal activity related to any of these forms of abuse may—but is not required to—request that the individual making the claim document the abuse. Any request for documentation must be in writing, and the individual must be allowed at least 14 business days after receipt of the request to submit the documentation. The PHA may extend this time period at its discretion. [24 CFR 5.2007(a)]

The individual may satisfy the PHA’s request by providing any one of the following three forms of documentation [24 CFR 5.2007(b)]:

- (1) A completed and signed HUD-approved certification form (HUD-5382, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), which must include the name of the perpetrator only if the name of the perpetrator is safe to provide and is known to the victim. The form may be filled out and submitted on behalf of the victim.
- (2) A federal, state, tribal, territorial, or local police report or court record, or an administrative record
- (3) Documentation signed by a person who has assisted the victim in addressing domestic violence, dating violence, sexual assault, ~~or~~ stalking, [or human trafficking](#), or the effects of such abuse. This person may be an employee, agent, or volunteer of a victim service provider; an attorney; a mental health professional; or a medical professional. The person signing the documentation must attest under penalty of perjury to the person’s belief that the incidents in question are bona fide incidents of abuse. The victim must also sign the documentation.

The PHA may not require third-party documentation (forms 2 and 3) in addition to certification (form 1), except as specified below under “Conflicting Documentation,” nor may it require certification in addition to third-party documentation [~~VAWA-2005-final-rule~~FR Notice [11/16/16](#)].

PHA Policy

Any request for documentation of domestic violence, dating violence, sexual assault, ~~or~~ stalking, [or human trafficking](#) will be in writing, will specify a deadline of 14 business days following receipt of the request, will describe the three forms of acceptable documentation, will provide explicit instructions on where and to whom the documentation must be submitted, and will state the consequences for failure to submit the documentation or request an extension in writing by the deadline.

The PHA may, in its discretion, extend the deadline for 10 business days. In determining whether to extend the deadline, the PHA will consider factors that may contribute to the victim’s inability to provide documentation in a timely manner, including cognitive limitations, disabilities, limited English proficiency, absence from the unit, administrative delays, the danger of further violence, and the victim’s need to address health or safety issues. Any extension granted by the PHA will be in writing.

B. GLOSSARY OF PUBLIC HOUSING TERMS

Accessible. The facility or portion of the facility can be approached, entered, and used by persons with disabilities.

Adjusted income. Annual income, less allowable HUD deductions and allowances.

Affiliated individual. With respect to an individual, a spouse, parent, brother, sister, or child of that individual, or a person to whom that individual stands in loco parentis (in the position or place of a parent), or any individual, tenant, or lawful occupant living in the household of the victim of domestic violence, dating violence, sexual assault, or stalking.

Alternative non-public housing rent. A monthly rent equal to the greater of:

- The applicable fair market rent, as defined in 24 CFR part 888, subpart A, for the unit; or
- The amount of the monthly subsidy provided for the unit, which will be determined by adding the per unit assistance provided to a public housing property as calculated through the applicable formulas for the Public Housing Capital Fund and Public Housing Operating Fund.

Annual contributions contract (ACC). The written contract between HUD and a PHA under which HUD agrees to provide funding for a program under the 1937 Act, and the PHA agrees to comply with HUD requirements for the program.

Annual income. The anticipated total income of an eligible family from all sources for the 12-month period following the date of determination of income, computed in accordance with the regulations.

Applicant (applicant family). A family that has applied for admission to a program but is not yet a participant in the program.

As-paid states. States where the welfare agency adjusts the shelter and utility component of the welfare grant in accordance with actual housing costs.

Assets. (See *net family assets*.)

Auxiliary aids. Services or devices that enable persons with impaired sensory, manual, or speaking skills to have an equal opportunity to participate in, and enjoy the benefits of, programs or activities receiving federal financial assistance.

Bifurcate. With respect to a public housing or Section 8 lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members' lease and occupancy rights are allowed to remain intact.

Ceiling rent. The highest rent amount the PHA will require a family to pay, for a particular unit size, when the family is paying an income-based rent.

Child. A member of the family other than the family head or spouse who is under 18 years of age.

Disability assistance expenses. Reasonable expenses that are anticipated, during the period for which annual income is computed, for attendant care and auxiliary apparatus for a disabled family member, and that are necessary to enable a family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source.

Disabled family. A family whose head, cohead, spouse, or sole member is a person with disabilities; two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

Disabled person. See *person with disabilities*.

Disallowance. Exclusion from annual income.

Displaced family. A family in which each member, or whose sole member, is a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to federal disaster relief laws.

Domestic violence. Felony or misdemeanor crimes ~~of violence~~ committed by a current or former spouse or intimate partner of the victim under the family or domestic violence laws of the jurisdiction receiving grant funding, and in the case of victim services, includes the user or attempted use of physical abuse or sexual abuse, or a pattern of any other coercive behavior committed, enabled, or solicited to gain or maintain power and control over a victim, including verbal, psychological, economic, or technological abuse that may or may not constitute criminal behavior, by a person who is:

- The current or former spouse or intimate partner of the victim, or person similarly situated to a spouse or intimate partner of the victim
- A person who is cohabitating or has cohabitated with the victim as a spouse or intimate partner
- A person with whom the victim shares a child in common
- A person who commits acts against a youth or adult victim who is protected from those acts under the domestic or family violence laws of the jurisdiction

~~a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.~~

Domicile. The legal residence of the household head or spouse as determined in accordance with state and local law.

Drug-related criminal activity. The illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute, or use the drug.

Economic abuse. Behavior that is coercive, deceptive, or unreasonably controls or restrains a person's ability to acquire, use, or maintain economic resources to which they are entitled, including using coercion, fraud, and manipulation to:

- Restrict a person's access to money, assets, credit, or financial information
- Unfairly use a person's personal economic resources, including money, assets, and credit, for one's own advantage
- Exert undue influence over a person's financial and economic behavior or decisions, including forcing default on joint or other financial obligations, exploiting powers of attorney, guardianship, or conservatorship, or to whom one has a fiduciary duty

Economic self-sufficiency program. Any program designed to encourage, assist, train, or facilitate the economic independence of assisted families, or to provide work for such families. Can include job training, employment counseling, work placement, basic skills training, education, English proficiency, Workfare, financial or household management, apprenticeship, or any other program necessary to ready a participant to work (such as treatment for drug abuse or mental health treatment). Includes any work activities as defined in the Social Security Act (42 U.S.C. 607(d)). Also see 24 CFR 5.603(c).

Effective date. The "effective date" of an examination or reexamination refers to: (i) in the case of an examination for admission, the date of initial occupancy and (ii) in the case of reexamination of an existing tenant, the date the redetermined rent becomes effective.

Elderly family. A family whose head, cohead, spouse, or sole member is a person who is at least 62 years of age; two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.

Elderly person. An individual who is at least 62 years of age.

Eligible family (Family). A family that is income eligible and meets the other requirements of the 1937 Act and Part 5 of 24 CFR.

Employer identification number (EIN). The nine-digit taxpayer identifying number that is assigned to an individual, trust, estate, partnership, association, company, or corporation.

Evidence of citizenship or eligible status. The documents which must be submitted as evidence of citizenship or eligible immigration status. (See 24 CFR 5.508(b).)

Extremely low-income family. A family whose annual income does not exceed the federal poverty level or 30 percent of the median income for the area as determined by HUD, whichever number is higher, with adjustments for smaller and larger families. HUD may establish income ceilings higher or lower than 30 percent of median income if HUD finds such variations are necessary due to unusually high or low family incomes. (See 24 CFR 5.603.)

Facility. All or any portion of buildings, structures, equipment, roads, walks, parking lots, rolling stock, or other real or personal property or interest in the property.

Fair Housing Act. Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988.

Fair market rent (FMR). The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. See periodic publications in the *Federal Register* in accordance with 24 CFR Part 888.

Family. Includes but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status, and can be further defined in PHA policy.

- A family with or without children (the temporary absence of a child from the home due to placement in foster care is not considered in determining family composition and family size)
- An elderly family or a near-elderly family
- A displaced family
- The remaining member of a tenant family
- A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.

Family self-sufficiency program (FSS program). The program established by a PHA within its jurisdiction to promote self-sufficiency among participating families, including the coordination of supportive services to these families (24 CFR 984.103).

Federal agency. A department of the executive branch of the federal government.

Flat rent. Rent that is based on the market rent charged for comparable units in the private unassisted rental market, set at no less than 80 percent of the current fair market rent (FMR), 80 percent of the small area fair market rent (SAFMR), or 80 percent of the unadjusted rent, with utility allowances applied as necessary. The unadjusted rent is the FMR estimated directly from source data that HUD uses to calculate FMRs in nonmetropolitan areas. ~~Established by the PHA for each public housing unit; a rent based on the market rent charged for comparable units in the unassisted rental market, set at no less than 80 percent of the applicable Fair Market Rent (FMR), and adjusted by the amount of the utility allowance, if any~~

Foster child care payment. A payment to eligible households by state, local, or private agencies appointed by the state to administer payments for the care of foster children.

Full-time student. A person who is attending school or vocational training on a full-time basis (carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended). (See 24 CFR 5.603)

Gender identity. Actual or perceived gender-related characteristics.

Handicap. Any condition or characteristic that renders a person an individual with handicaps. (See *person with disabilities*.)

Head of household. The adult member of the family who is the head of the household for purposes of determining income eligibility and rent.

HUD. The U.S. Department of Housing and Urban Development.

Human trafficking. A crime involving the exploitation of a person for labor, services, or commercial sex. The Trafficking Victims Protection Act of 2000 and its subsequent reauthorizations recognize and define two primary forms of human trafficking:

- Sex trafficking is the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age. See 22 U.S.C. § 7102(11)(A).
- Forced labor is the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery. See 22 U.S.C. § 7102(11)(B).

Imputed asset. An asset disposed of for less than fair market value during the two years preceding examination or reexamination.

Imputed asset income. The PHA-established passbook rate multiplied by the total cash value of assets. The calculation is used when net family assets exceed \$5,000.

Imputed welfare income. An amount of annual income that is not actually received by a family as a result of a specified welfare benefit reduction, but is included in the family's annual income and therefore reflected in the family's rental contribution.

Income. Income from all sources of each member of the household, as determined in accordance with criteria established by HUD.

Income-based rent. A tenant rent that is based on the family's income and the PHA's rent policies for determination of such rents.

Income information means information relating to an individual's income, including:

- All employment income information known to current or previous employers or other income sources
- All information about wages, as defined in the state's unemployment compensation law, including any social security number; name of the employee; quarterly wages of the employee; and the name, full address, telephone number, and, when known, employer identification number of an employer reporting wages under a state unemployment compensation law
- Whether an individual is receiving, has received, or has applied for unemployment compensation, and the amount and the period received
- Unearned IRS income and self-employment wages and retirement income
- Wage, social security, and supplemental security income data obtained from the Social Security Administration.

Net family assets. (1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

- In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under §5.609.
- In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

Noncitizen. A person who is neither a citizen nor national of the United States.

Non-public housing over-income family. A family whose income exceeds the over-income limit for 24 consecutive months and is paying the alternative non-public housing rent.

Over-income family. A family whose income exceeds the over-income limit.

Over-income limit. The over-income limit is determined by multiplying the applicable income limit for a very low-income family, as defined in 24 CFR 5.603(b), by a factor of 2.4.

PHA Plan. The annual plan and the 5-year plan as adopted by the PHA and approved by HUD.

Participant (participant family). A family that has been admitted to the PHA program and is currently assisted in the program.

Person with disabilities. *For the purposes of program eligibility.* A person who has a disability as defined under the Social Security Act or Developmental Disabilities Care Act, or a person who has a physical or mental impairment expected to be of long and indefinite duration and whose ability to live independently is substantially impeded by that impairment but could be improved by more suitable housing conditions. This includes persons with AIDS or conditions arising from AIDS but excludes persons whose disability is based solely on drug or alcohol dependence. *For the purposes of reasonable accommodation.* A person with a physical or mental impairment that substantially limits one or more major life activities, a person regarded as having such an impairment, or a person with a record of such an impairment.

Premises. The building or complex in which the dwelling unit is located, including common areas and grounds.

Technological abuse. An act or pattern of behavior that occurs within domestic violence, dating violence, sexual assault, or stalking and is intended to harm, threaten, intimidate, control, stalk, harass, impersonate, exploit, extort, or monitor another person, except as otherwise permitted by law, that occurs using any form of technology, including but not limited to:

- Internet enabled devices
- Online spaces and platforms
- Computers
- Mobile devices
- Cameras and imaging programs
- Apps
- Location tracking devices
- Communication technologies
- Any other emergency technologies

Tenant. The person or persons (other than a live-in aide) who executes the lease as lessee of the dwelling unit.

Tenant rent. The amount payable monthly by the family as rent to the PHA.

Total tenant payment (TTP). The total amount the HUD rent formula requires the tenant to pay toward rent and utilities.

Utilities. Water, electricity, gas, other heating, refrigeration, cooking fuels, trash collection, and sewage services. Telephone service is not included.

Utility allowance. If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a PHA of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

Utility reimbursement. The amount, if any, by which the utility allowance for the unit, if applicable, exceeds the total tenant payment (TTP) for the family occupying the unit.

Veteran. A person who has served in the active military or naval service of the United States at any time and who shall have been discharged or released therefrom under conditions other than dishonorable.

Violence Against Women ~~Reauthorization~~ Act (VAWA)-of 2013. Prohibits denying admission to, denying assistance under, or evicting from a public housing unit an otherwise qualified applicant or tenant on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, ~~or~~ stalking, or human trafficking.

Violent criminal activity. Any illegal criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another.

In order to limit the number of pages required for review, below are page citations where the only change(s) on the referenced page was updating “domestic violence, dating violence, sexual assault, or stalking” with “domestic violence, dating violence, sexual assault, stalking, or human trafficking” per HUD’s update and/or where “Violence Against Women Act (or Reauthorization Act) of 2013” was replaced with “Violence Against Women Act”, removing the 2013 reference, per HUD’s update.

Page	Section
3-4	3-I.C. Family Breakup and Remaining Member of Tenant Family; Family Breakup
3-22	Part III: Denial of Admission; 3-III.A. Overview
3-33	(NEED REFERENCE FOR WHAT SECTION THIS IS)
3-36	Documentation; Victim Documentation; PHA Policy
3-37	3-III.G. Notice of Eligibility or Denial
4-14	(NEED REFERENCE FOR WHAT SECTION THIS IS)
4-17	4-III.B. Selection Method; Local Preferences; PHA Policy
5-6	5-II.D. Refusals of Unit Offers
7-18	7-II.H. Verification of Preference Status
12-2	12-I.B. Emergency Transfers
12-3	12-I.C. Emergency Transfer Procedures
12-10	12-III.C. Eligibility for Transfer; PHA Policy
12-12	12-III.F. Handling of Requests
12-14	12-IV.D. Good Cause for Unit Refusal
13-20	13-III.C Other Authorized Reasons for Termination; Other Good Cause
13-24	13-III.D Alternative to Termination of Tenancy
13-26	Consideration of Circumstances
13-30	Limits on VAWA Protections
13-31	Limits on VAWA Protections; PHA Policy Documentation of Abuse; PHA Policy
13-32	Terminating or Evicting a Perpetrator of Domestic Violence
14-2	14-I.B. Informal Hearing Process; Notice of Denial
16-1	Chapter 16 Program Administration; Introduction
16-20	(NEED REFERENCE FOR WHAT SECTION THIS IS)
16-30	Discretion to Require No Formal Documentation
16-31	16-VII.E. Confidentiality
GL-3	Glossary

HOUSING AUTHORITY OF THE CITY OF EUREKA

RESOLUTION 1991

**APPROVING AND ADOPTING UPDATED
PUBLIC HOUSING PROGRAM ADMISSIONS & CONTINUED OCCUPANCY POLICY**

WHEREAS, It is a requirement of the Housing Authority of the City of Eureka to have an updated, approved Admissions & Continued Occupancy Policy for the administration of its Public Housing programs; and

WHEREAS, Staff has amended the current Admissions & Continued Occupancy Policy to include new U.S. Department of Housing and Urban Development mandated program changes; and

WHEREAS, The Commissioners have reviewed the proposed Admissions & Continued Occupancy Policy for Public Housing; and

WHEREAS, The proposed was advertised and made available for sixty (60) days of public comment; and

WHEREAS, The Admissions & Continued Occupancy Policy will be sent to HUD for their reference; therefore

BE IT RESOLVED, That the Commissioners of the Housing Authority of the City of Eureka do hereby approve and adopt the proposed Admissions & Continued Occupancy Policy for Public Housing update effective December 01, 2023.

PASSED AND ADOPTED on the ____ day of _____ 2023 by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Name

Name

Title

Title

Signature

Signature

Housing Authority of the City of Eureka

Board of Commissioners Meeting

November 20, 2023

Agenda Item 8d

Memorandum

To: Commissioners

From: Dustin Wiesner, Director of Finance, Administration and Technology

Subject: Write Off of Uncollectible Accounts Receivable

BACKGROUND:

The Housing Authority of the City of Eureka routinely writes off uncollectible accounts receivable after all reasonable efforts have been made to collect the debt. All write offs over \$5,000.00 require board approval with a resolution.

Impact to Personnel:

None.

Fiscal Impact:

Once a debt is deemed uncollectible, it is written off, or removed from the accounting books. Write-offs are reflected in financial statements as a decrease in Accounts Receivable (an asset), and an increase in expenses. This transaction is an accounting entry that does not affect cash flow. Additionally, the decrease in Accounts Receivable positively affects some of the HUD ratios that are used to evaluate our agency's operations.

Note that debts are still reported in HUD systems, and any person reported owing cannot be assisted by HUD-funded programs until debts are paid. Additionally, once a debt is written off internally, it is submitted to a collection agency for further follow-up. However, the resulting collections from this process are historically very low.

Alternatives:

Keeping uncollectible receivables on the books fails to properly account for bad debts and to comply with Generally Accepted Accounting Principles (GAAP). Additionally, it does not reflect a conservative approach to the collectability of past tenant debts. This option is not recommended.

STAFF RECOMMENDATION:

Staff recommends that the Board approve and adopt the resolution to write off uncollectible debts.

2023.10 Write Offs, Housing Authority of the City of Eureka

Ppty	Code	Name	Balance	Status	DL1	DL2	Move Out Date	Rent	Late	Work Orders	Misc Tenant Charge	Cleaning & Damages
efh	t0003539		30,681.18	past	eviction	move-out statement returned 10/12/2023	9/12/2023	23,706.93	260.00	175.00	-	6,539.25
255	t0000190		2,200.12	past	tenant deceased	move-out statement returned 10/24/2023	9/30/2023	-	-	-	2,137.62	62.50
			<u>\$ 32,881.30</u>					<u>\$ 23,706.93</u>	<u>\$ 260.00</u>	<u>\$ 175.00</u>	<u>\$ 2,137.62</u>	<u>\$ 6,601.75</u>

PREPARED BY

Johnny Wilson
Accounts Receivable Clerk

10/26/2023
Date

APPROVALS

J. Dustin Wiener
Director of Finance

10/31/2023
Date

Cheryl Churchill
Executive Director

10/31/2023
Date

HOUSING AUTHORITY OF THE CITY OF EUREKA

RESOLUTION 1992

TO WRITE OFF CERTAIN UNCOLLECTIBLE ACCOUNTS RECEIVABLE

WHEREAS, All efforts to collect certain accounts from former tenants of the Conventional Public Housing program have been unsuccessful; and

WHEREAS, The U.S. Department of Housing and Urban Development has recommended that after all reasonable efforts have been made to collect vacated accounts, the Board of Commissioners, based on the recommendations of the Executive Director, should authorize the charging off of such accounts.

NOW, THEREFORE, BE IT RESOLVED, That the following accounts be transferred to Collection Loss;

<u>Housing Program</u>	<u>Amount</u>
Eviction, Eureka Family Housing	<u>\$30,681.18</u>

PASSED AND ADOPTED on the _____ day of _____ 2023 by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Name

Name

Title

Title

Signature

Signature